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Sales processes and value-based selling in start-up companies

Master’s Thesis

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Supervisor: Pekka Töytäri, D. Sc. (Tech). Professor of Practice, Management of Product-Service System Sales

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ABSTRACT OF THE MASTER'S THESIS

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The success of a start-up company is highly dependent on its ability to acquire customers. Acquiring customers is the aim of a sales process, and a well-defined sales process has been found to improve sales results. Sales processes and techniques are widely studied, but research on sales processes in start-up companies has been scarce.

An essential part of sales is communicating customer value to the buyers. Extant research acknowledges that sales has shifted from a transactional function to a value-creating process. Creating customer value is the cornerstone of any business, and the concept of value proposition has become ubiquitous. Crafting value propositions has been thoroughly examined, but how start-ups communicate value to their customers is understudied.

To address the two presented research gaps, this thesis has two research dimensions: sales processes and value communication in start-ups. The concept of value-based selling links these dimensions. Thus, this thesis has two research questions: "How do start-up companies communicate value to their customers in sales?" and "What types of sales processes are present in start-up companies?". The research approach is a case study of ten cases of start-up companies in B2B markets. Research data was collected through a total of 15 interviews with key informants of the case companies. The interviews were transcribed and categorised into recurring themes, which were analysed to synthesise findings.

The research findings show that start-up companies typically define and document their sales processes in CRM systems. These sales processes are stage-based and very similar to each other. However, salespeople personality and skills are still given a significant emphasis. Furthermore, some start-ups are well-positioned to employ the methods of value-based selling but do not use them consistently. Primarily value quantification is widely used or planned to be used, although value measurements pose a problem in many cases.

The findings suggest that adopting a sales process in a CRM system could lead to success in sales. This thesis also highlights some improvement opportunities in a value-based sales approach. Sales practitioners could benefit from a more intentional use of value-based selling methods. Furthermore, the sales-related challenges that were identified in the case companies can serve as a cautionary example for other early-stage start-ups.

Keywords: Start-up, Sales Process, Customer value, Value-Based Selling	Publishing language: English

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Startup-yrityksen menestys riippuu suuresti sen kyvystä hankkia asiakkaita. Myyntiprosessin tavoite on asiakkaiden hankkiminen, ja hyvin määritellyn myyntiprosessin on havaittu parantavan myyntituloksia. Myyntiprosesseja ja tekniikoita on tutkittu laajasti, mutta tutkimus startup-yritysten myyntiprosesseista on ollut vähäistä.

Yksi olennainen osa myyntiä on asiakasarvon kommunikointi ostajille. Myynti muuttunut transaktiokeskeisestä toiminnasta kohti prosessia, jonka tavoitteena on luoda arvoa yhteistyössä asiakkaan kanssa. Asiakasarvon luominen on kaiken liiketoiminnan kulmakivi, ja arvoehdotuksen käsite on otettu käyttöön laajasti. Arvoehdotusten tekemistä ja käyttöä on tutkittu perusteellisesti, mutta niiden käyttöä startup-yritysten myynnissä ei ole käsitelty.

Tässä diplomityössä käsitellään kahta tutkimusaihetta: myyntiprosesseja ja arvon kommunikointia startup-yrityksissä. Nämä aiheet yhdistyvät arvoperusteisessa myynnissä. Työssä on kaksi tutkimuskysymystä: "Kuinka startup-yritykset kommunikoivat arvoa asiakkailleen myynnissä?" ja ”Millaisia myyntiprosesseja käytetään startup-yrityksissä?”. Tutkimustapa on tapaustutkimus, jossa haastatellaan viittätoista avainhenkilöä kymmenessä startup-yrityksessä.

Tutkimustulokset osoittavat, että startup-yritykset määrittelevät ja dokumentoivat tyypillisesti myyntiprosessinsa CRM-järjestelmiin. Myyntiprosessit ovat vaihepohjaisia ja muistuttavat paljon toisiaan. Myyjien persoonallisuudelle ja taidoille on kuitenkin edelleen annettu merkittävä painoarvo. Lisäksi joillakin tapausyrityksillä on hyvät edellytykset hyödyntää arvoperustaisen myynnin menetelmiä, mutta ne eivät käytä niitä johdonmukaisesti. Pääasiallisesti arvon kvantifiointia käytetään laajasti tai sen käyttöä suunnitellaan, vaikkakin arvon mittaaminen aiheuttaa haasteita.

Tulokset viittaavat siihen, että myyntiprosessin määrittäminen CRM-järjestelmään voi edistää myyntiä. Tämä diplomityö tuo esiin myös joitain parannusmahdollisuuksia arvoperusteisen myynnin hyödyntämisessä. Myynnin ammattilaiset voivat hyötyä arvoperusteisen myynnin järjestelmällisemmästä käytöstä. Lisäksi tapausyrityksissä havaitut myyntiin liittyvät haasteet voivat toimia varoittavana esimerkkinä muille varhaisen vaiheen startup-yrityksille.

Avainsanat: Startup-yritys, Myyntiprosessi, Asiakasarvo, Arvoperusteinen myynti	Kieli: Englanti

Table of contents

1. Introduction

Sales has experienced multiple paradigm shifts in the past few decades. Sales has transformed from a transactional process into a value-creating interaction (Dixon & Tanner Jr, 2012). Creating value for customer has become a significant source of competitive advantage (Woodruff, 1997) and the purpose of firms to exist (Slater, 1997). Value creation has found its way into sales in the form of value-based sales (e.g. Terho, Haas, Eggert, & Ulaga, 2012; Töytäri & Rajala, 2015; Anderson & Narus, 1998). At the same time, other value-related selling behaviours, such as relationship selling, consultative selling and adaptive selling, are gaining a foothold.

Sales can be argued to be a peculiar function: on the one hand, performance can be tracked down to the last dollar. On the other hand, a sales forecast can comprise of opinions of individual salespeople. Individual salespeople have a dominant position where their opinions matter a lot. Instead of making sales forecasts based on data and historical close rates, salespeople's hunch still has an overstated role in how much sales can be expected. (Bosworth & Holland, 2004)

The power of salespeople's opinion extends beyond sales forecasts. It influences many aspects of the sales process: which opportunities to pursue, how to approach the customer, and what methods and techniques to use to convince the customer. Sales is one of the few business functions to enjoy such freedom. In comparison, the marketing function rarely allows such a variety of methods, although marketing is closely tied to sales.

Furthermore, sales is still commonly regarded as a form of art. Salespeople are seen as artists who are naturally talented and whose skills cannot be taught. Many researchers challenge this view. Bosworth & Holland (2004) argue that there are natural salespeople who are successful, but that effective customer-centric selling skills can also be taught and learned. Moreover, Bernard, Boillat, Legner, & Andritsos (2016) posit that sales can also be regarded as a science: sales processes can be improved and iterated by researching salespeople activities and processes.

In contrast, Hall & Johnson (2009) claim that some processes should be allowed to have some degree of artistic freedom. They argue that offerings that have highly variable production processes and whose customers value variation in the output should be managed as "artistic processes". A standard sales process might have low-risk and predictability but also low-reward. In an uncertain, variable environment, a sales artist can receive high-rewards. (Hall & Johnson, 2009)

The peculiar nature of the sales function raises questions: why do salespeople need such artistic freedom in their work? Why are they given freedom so readily by their managers, when all other business functions operate under well-defined processes? Why are salespeople reluctant to adopt well-defined sales processes?

For a start-up company, all this sales ambiguity can be intimidating. For new start-up companies acquiring the first paying clients is a task of paramount importance. However, extant sales research focuses on incumbent firms' sales and therefore does not offer much advice for this challenge. This thesis aims to combine theories of using value propositions in sales and the elements of an effective sales process.

This thesis is organised as follows.

- First, in section two, historical developments of selling that have led to the emergence of value-based selling are presented.
- Next, literature on value, value propositions and value-based selling are examined.
- In chapters four and five, literature on sales processes, buying processes and their linkage are explored.
- Section six summaries the recent developments in sales.
- In section seven, research methods and case companies are introduced.
- The research findings are presented in section eight.
- Finally, in section nine, this thesis concludes with a discussion of the findings and their implications as well as future research topics and research limitations.

2. Evolution of selling

This section presents how selling has evolved since modern times. Understanding the historical development helps understand why concepts like value-based selling have emerged. Sales research has traditionally focused on individual salespeople, answering the question: what does the (single) salesperson do? More recently, the focus has shifted to an organisational perspective, where the unit of analysis is the sales function (Töytäri & Rajala, 2015).

2.1. Historical perspective to selling

Powers, Koehler, & Martin (1988) offer a historical perspective on the evolution of selling in the United States of America. According to them, modern selling emerged at the turn of the 20th century. The first half of the century saw the rapid development of economy and technology. Advances in mobility allowed salespeople to cover more territory and serve more customers, whereas the telephone enabled long-distance communication and placing orders quickly. Such advances lead to the birth of a new role: the sales manager, whose task was to supervise several salespeople. Furthermore, colleges started to offer courses on selling, and several sales-related periodicals began to be published. (Powers et al., 1988)

Powers et al. (1988) also contend that the origins of the "canned" presentation are in this era. The canned approach is a method involving memorising a compelling sales speech, which a salesperson delivers to every potential customer in the same manner (or in the same "can").

The 1920s was one of the most significant decades of selling, during which the sales profession became a glamorous one and selling training, education and literature proliferated. The idea of scientific sales management was also developed. The decade ended with a stock market crash in 1929, which was followed by the Great Depression in the 1930s. (Powers et al., 1988)

The depression radically changed the sales profession, as demand decreased. Instead of aggressively pushing products to the market, salespeople now needed to understand customer needs. Moreover, buying motives were researched to develop better match such needs. However, despite their efforts: *"Salespeople were not able to sell their way out of the depression years, nor were they held in very high esteem."* (Powers et al., 1988, p. 17). Salespeople were even blamed for causing the depression. (Powers et al., 1988)

The war-time economy greatly transformed the sales profession again in the 1940s. The shortage of consumer goods left many salespeople redundant, and the number of salespeople declined. After the war, consumer demand increased, and companies started to hire salespeople again. New methods were developed to measure the aptitude of people for the selling profession. Supply caught up with demand towards the end of the decade, leading to an economic recession. Salespeople were at blame again for not doing their job of creating demand and growing the economy. (Powers et al., 1988)

2.2. Production, sales and marketing eras of selling

Dawson (1970) divides 20th-century sales into four eras: (1) *Production era*, (2) *Sales era*, (3) *Marketing era* and (4) *Human era*. These eras and their characteristics are summarised in Table 1.

Table 1: Changing emphasis in sales management in the 20th century (Adapted from Dawson, 1970)

Year

1900 1910 1920 1930 1940 1950 1960 1970

Business response to perceived dominant environmental conditions	Production orientation	Sales orientation	Marketing orientation	Human orientation
Emphasis in management's conception of sales job	Personality; Art	"Scientific salesmanship"	Professionalism	Personal fulfilment
Emphasis in sales management	Tight supervision and control	Broadened responsibilities	Strategies and profits	Total human resource development

The production era began already in the late 19th century. This era was characterised by mass-produced goods, which salespeople then had to push to the market. Sales profession was not a well-respected one and thus attracted *"people of less than ideal character"* (Dawson, 1970, p. 34). The production era then shifted to the *sales era*, which lasted until World War II. After the war, the 1950s and 1960s are described as the *marketing* *era*, during which salespeople had to become problem-solvers, who matched customer needs with suitable products. (Dawson, 1970)

Dawson (1970) speculates that during the 1970s, the marketing era would shift to a *human era* with a broader orientation to social issues in the world. Such issues include poverty, pollution and eradication of social justice. Interestingly, Dawson might have been ahead of his time in his view, as the world has only recently awakened to the urgency of these threats to humanity. For instance, the Financial Times has called for a capitalism reset, in which focus cannot be solely on maximising shareholder profits, but in adopting a broader, longer-term perspective that considers social and environmental issues in addition to financial profits (Financial Times, 2019).

In contrast to the convenient categorisation of the selling eras, Fullerton (1988) presents plenty of evidence showing that the generalisation of the production, sales and marketing eras are highly exaggerated. Instead, the eras did not exist in the light of evidence published at the time and in later historical studies. Conversely, the production era saw intense competition, overproduction and uncertain demand in many businesses. Furthermore, demand was not abundant. Hence manufacturers had to stimulate demand by marketing efforts, such as advertising. Customer segmentation and market analysis were commonplace already in the early 19th century. Fullerton (1988) shows that the contemporary literature acknowledges the need for carefully studying customers' wants, tastes, habits, tendencies and unconscious needs to produce goods to satisfy them. This evidence is in stark contrast to what the production era assumption of customers buying whatever was produced.

For a time period to be dubbed an era, it should capture the primary trends of its time (Fullerton, 1988). Therefore, the convenient categorisation of selling eras does not reflect reality. Instead, selling evolves unevenly, as elaborated in the next section.

2.3. Evolution of selling due to market and environmental conditions

While selling has undoubtedly evolved, it did not happen simultaneously around the world. Therefore Wotruba (1991) claims that a discrete chronological development of sales practices cannot be determined. Instead, Wotruba (1991) posits that selling evolves through a series of stages, which can vary among industries, companies or even within a single sales organisation. Sales organisations must adjust their sales approach depending on environmental and competitive factors. Based on literature and company practices, Wotruba (1991) identifies five distinct stages of personal selling: (1) Provider, (2) Persuader, (3) Prospector, (4) Problem-solver and (5) Procreator. The descriptions of each are summarised in Table 2.

Table 2: Characteristics of the stages in the evolution of selling (Wotruba, 1991)

	Characteristics of stages			
Stages and description	Customer needs are	Type of market	Nature and intensity of competition	Examples
1. Provider: accepting orders and delivering to buyer.	Assumed to exist: not a concern	Sellers'	None	Route salespeople-drivers; some retail sales clerks
2. Persuader: attempting to convince anyone to buy available offerings.	Created, awakened	Buyers'	Undifferentiated; slight intensity	Telemarketer for photography studio; many new car dealer salespeople
3. Prospector: seeking out prospects with need for available offering as well as resources and authority to buy.	Considered but inferred	Segmented	Differentiated, growing	Car insurance salespeople calling on new car buyers; office supplies sellers calling on small businesses
4. Problem-solver: matching available offerings to solve customer-stated problems.	Diagnosed with attention to customer input	Participative	Responsive and counter-active with increasing resources	Communication systems salespeople for a telephone company; architectural services seller calling on a building contractor
5. Procreator: creating a unique offering to match the buyer's needs as mutually specified, involving any or all aspects of the seller's total marketing mix.	Mutually defined: matched with tailored offering	Coactive	Focused; growing in breadth of market and service offerings	Materials handling equipment salesperson who designs and sells a system to fit a buyer's manufacturing facility

Each stage is discussed more broadly next.

1. *Provider*. Providers supply products to buyers with little regard to their needs. This type of selling can occur when there is little to none competition, and products are simple enough to be bought without expertise.
2. *Persuader*. Markets with little competition attract more suppliers, which shifts the seller's market to a buyer's market. In the persuader stage, salespeople must persuade customers to buy their product instead of the competitor's similar product. Typically, salespeople employ an arsenal of influence

and closing techniques but still rely on canned sales presentations without much regard for customer needs.

3. *Prospector.* In this stage, salespeople start to consider customer needs. Instead of wasting time on selling to customers who are unlikely to buy, the prospector searches for qualified prospects. However, the prospector still assumes what the customer needs are and asserts product benefits to the customer. Once a prospect has been converted to a buying customer, the seller might try to move the customer back to the provider of persuader stages.
4. *Problem-solver.* Instead of assuming what the customer needs are, the problem-solver attempts to understand and define they are. Wotruba (1991) claims that many modern sales concepts such as adaptive selling, consultative selling and relationship selling fall under this stage. Evolution leads to this stage as competing suppliers must differentiate from their competitors by responding to even the smallest details of customer needs. Furthermore, increased buyer sophistication requires salespeople to listen carefully to what the customer needs are and to satisfy them better than competitors.
5. *Procreator*. The procreator goes further than the problem-solver in their attempt to tailor the best-fitting product for the customer. This stage of selling requires high adaptability from the selling organisation, as it needs to provide offerings that are not necessarily readily available in their arsenal. In this stage, the salesperson evolves into a marketing manager, who mixes marketing components to offer the customers what they truly need. (Wotruba, 1991)

Much of the concept of value-based selling also falls into the problem-solver and procreator stages. Next, I examine the value-related selling behaviours present in the last two stages.

2.4. Value-related selling behaviours

Start-up companies typically bring innovative products and services to the market. Innovative offerings require either a knowledgeable seller or buyer for a successful exchange. An innovative, expensive business-to-business (B2B) offering cannot be sold by *Providers, Persuaders* or even *Prospectors,* because buyers do not think they have a need for it. Therefore, it is pertinent to understand the value-related selling behaviours exhibited by salespeople.

The *Problem-solver* selling stage by Wotruba (1996) includes various types of selling behaviours, such as adaptive selling, agility selling, consultative selling, customer-oriented selling, partnering oriented behaviours and relationship selling. Terho et al., 2012 describe them as value-related selling behaviours, and their definitions and key contents are listed in Table 3.

Terho et al. (2012) claim that even though these concepts subsume some aspect of value, their key focus is not customer value. For instance, in adaptive selling, salespeople adjust their behaviour according to interaction with customers, but it does not necessarily result in the creation of customer value. Similarly, while relationship selling and partnering behaviours emphasise value creation, their focus is on building long-term, profitable business relationships. Customer value is not the key construct in these behaviours. Therefore, the concept of value-based selling is needed, as it covers the whole domain of customer value creation. (Terho et al., 2012)

Table 3: Overview of value-related salesperson behaviours. Adapted from (Terho et al., 2012).

Salesperson behaviour	Definition	Key contents of the constructs
Adaptive selling	"The altering of behaviors during a customer interaction or across customer interactions based on perceived information about the nature of the selling situation"	1) Recognition that different selling approaches are needed, 2) Confidence to use a variety of different sales approaches, 3) Confidence to alter the sales approach during a customer interaction, 4) A knowledge structure that facilitates the recognition of different sales situations and access to sales strategies appropriate to each situation, 5) Collection of information about the sales situation to facilitate the adaptation, 6) Actual use of different approaches.
Agility selling	"Focuses on maintaining relationships on a daily basis by being in a position to proactively determine current and future customer needs"	1) The ability to respond to changes in proper ways and in due time, 2) The ability to exploit changes and take advantage of them as opportunities
Consultative selling	"Process of professionally providing information for helping customer take intelligent actions to achieve their business objectives"	Credibility: 1) Perceived expertise, 2) Trusting the salesperson
Customer-oriented selling	"Degree to which salespeople practice the marketing concept by trying to help their customers make purchase decisions that will satisfy customer needs"	1) Desire to help customers make satisfactory purchases, 2) Help customers assess their needs, 3) Offer products that satisfy those needs, 4) Describe products accurately, 5) Avoid manipulative influence tactics, 6) Avoid use of high pressure
Partnering oriented behaviours	"Work with their customers and their companies to develop solutions that enhance the profits of both firms (…) [by devoting] their attention to 'increasing the pie' rather than 'dividing the pie'."	Key activities in partnering: 1) Building and maintaining customer relationships, 2) Organizing and leading a sales team, 3) Managing conflict
Relationship selling	"Refers to a behavioral tendency exhibited by some sale representatives to cultivate the buyer-seller relationship and see to its maintenance and growth"	1) Co-operative intentions, 2) Mutual disclosure, 3) Intensive follow-up

3. Value propositions and value-based selling

This section examines the concept of value and its relevance to organisations. Value propositions and methods of crafting them are also discussed here. Lastly, the concept of value-based selling is introduced.

3.1. Why is value relevant in sales?

Woodruff (1997) suggested that superior customer value delivery would be the next source of competitive advantage. More recently, Terho et al. (2012, p. 174) write that customer value has become a *"watchword in the marketing discipline",* and they claim that Woodruff's (1997) suggestion has received widespread agreement.

Delivering and creating value is transforming the way selling is viewed in research. According to Haas, Snehota, & Corsaro (2012, p. 94), extant literature views selling as contributing to *"conceiving, producing, and delivering customer value by understanding customers' and/or sellers' needs and fulfilling them with the bundle of goods and services fitting to these needs".*

In contrast Dixon & Tanner Jr (2012) claim that earlier marketing texts are consistent on selling being *"interactive, personal, paid promotional approach between a buyer and seller"* (Tanner & Raymond, 2010 as cited in Dixon & Tanner Jr, 2012, p. 9). This definition does not imply value being created. Furthermore, the authors argue that the definitions vary between academic research and practice in the field. Therefore, they suggest a new definition for sales: *"The phenomenon of human-driven interaction between and within individuals/organizations in order to bring about economic exchange within a value-creating context"* (Dixon & Tanner Jr, 2012, p. 10).

Although these definitions are far from identical, they and many other definitions of selling include *value creation* in some form. The emergence of value creation in sales has conceived a new paradigm in selling: value-based selling (e.g. Haas et al., 2012; Töytäri, 2018 ; Viio & Grönroos, 2014).

To gain a deeper insight of what is value-based selling, we will first look at its constructs: value and value propositions.

3.2. What is value?

Numerous articles (e.g. Terho et al., 2012; Woodruff, 1997; Töytäri & Rajala, 2016) cite Zeithaml's (1988) definition of value as the trade-offs between benefits and sacrifices. However, other definitions exist, and Woodruff (1997) found that there are some commonalities in definitions of value. In addition to the previously mentioned trade-offs, definitions typically mention that customer value is linked to the use of a product. A third commonality is that value is not determined by the seller but perceived by the customer.

However, there are multiple differences in definitions too. One is the lack of explanations for the words used in the definitions, such as *utility, worth, benefits* and *quality*. For example, Woodruff (1997) ponders whether value is a built-in quality of a product, or if it is related to the benefits of using a product.

Moreover, customer value is often different when making purchase decisions and during or after use. Before making a purchase, customers compare alternative products to find the most valuable one. They imagine the value that they want, termed *desired value*. However, after making the purchase, consequences of use are more important than product attributes. This *received value* is based on experience and feelings of using a product. (Woodruff, 1997)

Considering the commonalities and differences in the definitions of value, Woodruff (1997, p. 142) suggests the following definition:

> *"Customer value is a customer's perceived preference for and evaluation of those product attributes, attribute performances, and consequences arising from use that facilitate (or block) achieving the customer's goals and purposes in use situations."*

In an industrial context, Töytäri & Rajala (2016) elaborate that value is subjective; hence each customer has its own perceived value. Customer-perceived value depends on a customer's context, preferences and experiences. Furthermore, benefits and sacrifices can be divided into long-term and short-term dimensions. Short-term benefits are usually operational, relating to business process improvements, whereas long-term benefits refer to strategic advantages. (Töytäri & Rajala, 2016)

Moreover, value is context-specific, meaning that the value of an offering is not identical for different beneficiaries. Value is also future-oriented as it emerges typically over a long time, not during the transaction. Perceptions of value can change over time. (Töytäri & Rajala, 2015)

Based on their literature review, (Töytäri & Rajala, 2015) define customer-perceived value as *"the difference between the perceived benefits received and the perceived sacrifices made by a customer."*

In addition to the customer perspective, value can be viewed from the seller perspective and a mutual perspective (Terho et al., 2012) as presented in Figure 1. The seller perspective covers three research topics: the firm's internal value chain; customer value to the selling firm, which varies among customer segments; and creating value for the firm's shareholders.

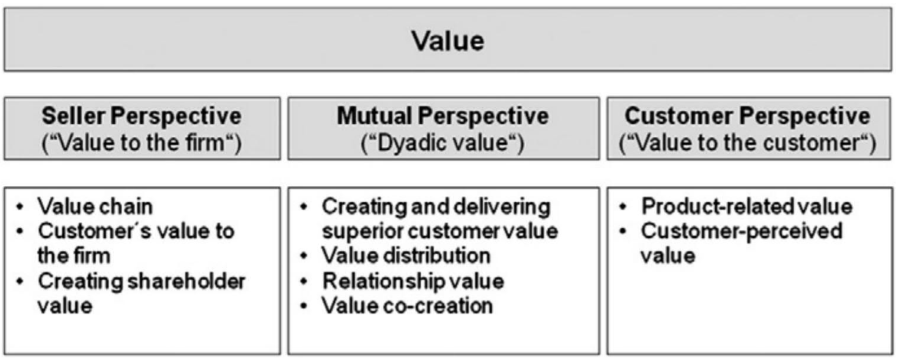

Figure 1: Perspectives on value (Terho et al., 2012).

According to Terho et al. (2012), the mutual or dyadic perspective combines the vendor and the customer perspectives. In this perspective, value emerges from the collaboration of the two parties. Firstly, research examines superior customer value, where the vendor delivers exactly what the customer needs. Secondly, co-creation of value is researched. Value co-creation refers to the vendor facilitating its customer's value-generating processes. Value is thus not in the exchange of goods or services, but rather value-in-use. Thirdly, business relationships are considered a source of value. Töytäri & Rajala (2016) claim that a good business relationship leads to better information exchange, which reduces relationship governance cost and thus reduces risks of failing.

Finally, value distribution is the fourth research stream of the dyadic perspective. It explores how value is shared between vendors and customers (Terho et al., 2012). In a business context, value distribution is often tied to monetary gains (or losses). This is illustrated in Figure 2: If the price of an offering is above the seller's cost of creating value and below customer's perceived value, both parties will capture a share of value (Töytäri, 2018).

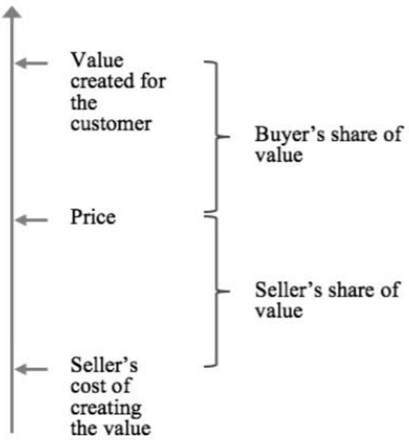

Figure 2: Value distribution between seller and buyer (Töytäri, 2018).

(Terho et al. (2012) claim that research on salespeople's role in delivering and creating value is scarce. They address this research gap by studying the behaviours in which salespeople should engage in.

3.3. Differences of value in products and services

The traditional view that value would be embedded in products is under scrutiny. Vargo & Lusch (2008) have observed a shift from products to services in today's market. They coined this emphasis on services service-dominant (S-D) logic. Since its conception in a 2004 article (Vargo & Lusch, 2004), this new logic has challenged the prevalent goods-dominant (G-D) logic. The authors show a fundamental shift in marketing from the G-D logic, which focuses on *"tangible resources, embedded value, and transactions"*, to S-D logic, which involves *"intangible resources, cocreation of value, and relationships"* (Vargo & Lusch, 2004, p. 1)

The S-D logic is based on ten foundational premises (FPs), of which three are incredibly pertinent to value-based selling:

- FP6: The customer is always a co-creator of value.
- FP7: The enterprise cannot deliver value, but only offer value propositions.
- FP10: Value is always uniquely and phenomenologically determined by the beneficiary.
  (Vargo & Lusch, 2008)

These three are directly linked to value-based selling concepts. Firstly, value cannot be asserted to the customer. Sellers can propose value (FP7), but value cannot be delivered on the customer's doorstep. Thus, value does not arise in the exchange, but rather in the use of an offering (FP6). As value-in-use cannot be asserted or delivered by the seller alone, it is determined by the customer (or beneficiary, FP10). Value for each customer will be different, and it is dynamic and context-specific, as earlier discussed.

Next, the use of value propositions in communicating value to customers is discussed.

3.4. Value proposition

A value proposition is an artefact used to convey the value of an offering to a customer. In its simplest form, a value proposition is a message that conveys how an offering brings value to its buyer. Töytäri (2018, pp. 277-278) defines value propositions as:

> *"Bundles of benefits that address business goals of specific target groups and offer significant value for the customer. Value propositions must help in differentiating from alternatives and resonate with the stakeholder's value views by addressing timely and salient business challenges."*

Töytäri (2018) emphasises the importance of value propositions in value-based solution selling. To differentiate from the competition, a compelling value proposition must address significant business drivers and provide quantifiable impact on revenue, costs, asset efficiency or risks. (Töytäri, 2018)

Anderson, Narus, & van Rossum (2006) argue that even though the customer value proposition has become an established term in business markets, they are not used effectively in the field. To support this observation Ballantyne, Frow, Varey, & Payne (2011, p. 203) cite a survey by Frow & Payne (2008), who found that only 8 per cent of 265 managers had *"routinely communicated formal value propositions"*.

As many incumbent firms struggle to build compelling value propositions, it is no wonder that many start-up companies fail to appeal to their potential customers. This predicament leads to the first research question:

Research question 1. How do start-up companies communicate value to their customers in sales?

The purpose of this research question is to broaden knowledge of how start-ups communicate value. Understanding start-ups' current methods and activities will help in discovering challenges and improvement opportunities.

3.4.1. Value proposition design

As discussed in an earlier section (*3.2. What is value?*), customer value is subjective and dynamic. Therefore, salespeople must modify value propositions according to customer needs. The definition of value proposition was introduced earlier, but *crafting* it is another concept. Terho et al. (2012 p. 181) define crafting the value proposition as: *"The degree to which a salesperson builds up quantified evidence about the size of the market offering's value opportunity in terms of its impact on the customer's business."*

Designing a value proposition should begin with understanding the customer's business. Once the customer's needs and goals are known, the seller can choose which issues to address to form a quantified value proposition. These concepts are elaborated next.

3.4.2. Understanding customer segments and their goals

Before attempting to quantify the value of an offering, salespeople must understand their customers and their goals, challenges and problems. Bosworth, Holland, & Visgatis (2010) suggest that a salesperson can identify a customer's business goals by asking intelligent questions. If salespeople presume the customer's business goals or problems, they encounter the common pitfalls of *benefit assertion* and *value presumption* (Anderson et al., 2006). These pitfalls mean that the seller is offering something that might seem valuable from the seller's perspective but is indifferent to the customer. To overcome this, Bosworth et al. (2010) suggest implementing *usage scenarios* that demonstrate the value-in-use, not only product features. The usage scenarios are linked directly to the customer's business. Only after the customer has recognised the potential of a usage scenario, the seller should assert the benefit of their offering.

Furthermore, value propositions require tailoring according to different customer segments and even among customer functions. Töytäri & Rajala (2016) argue that a seller must adapt to different markets, customers and even decision-maker profiles. For instance, business goals and challenges are usually different for financial and marketing executives.

Organisations can be described as goal hierarchies, which is elaborated in section *5.2. Goal achievement*. Bosworth et al. (2010) demonstrate this in action with targeted conversations, which are pre-written scripts for discussions with various decision-makers. The authors recommend these scripts to include the customer's industry, decision-maker title and presumed business goal. With these constituents, a seller can form a value proposition that addresses salient, customer-specific challenges in the correct field that relate to the individual decision-maker tasks. (Bosworth et al., 2010)

3.4.3. Resonating focus

Anderson et al. (2006) claim that most managers list all the benefits they can think of in their firm's value proposition. This approach is feature-oriented and rarely considers customer needs. Instead, managers should use a "resonating focus" value proposition, which does not list all the benefits, but only one or two most important points of difference that deliver the highest value to the customer. (Anderson et al., 2006).

To identify the most salient points of difference, a seller must understand its customer's business goals and challenges. Töytäri (2018) claims that this is a crucial part of value-based selling and is a prerequisite for designing compelling value propositions. In addition to asking intelligent questions, customer insight can be gained by analysing customers' business processes and searching for challenges, pains and improvement opportunities in them.

Not all opportunities are equal, however, but the ones with the most substantial impact on business goals are most interesting (Töytäri, 2018). For instance, Töytäri & Rajala (2015) found in their study that one of their case companies utilised only three of 47 identified targets for improvement in their value proposition. Similarly, Anderson et al. (2006) provide an example of a chemicals company that paid its customer for the possibility of conducting a two-week pilot project, where they measured the accrued cost savings in the customer's manufacturing process. This kind of substantial, quantified evidence is very persuasive for any customer.

3.4.4. Value quantification

Value needs to be quantified for customers to act as convincing proof of value. Quantifiable measures are expressed as numerical evidence in the form of Key Performance Indicators (KPIs). However, some business process improvements are difficult to translate into precise monetary gains. Therefore, such non-quantifiable value propositions are communicated using marketing messages, customer reference stories and value calculators. (Töytäri & Rajala, 2016)

Anderson et al. (2006) refer to such customer stories as *value case histories*, which serve as evidence of how much other customers have received added value or cost savings. According to Terho et al. (2012), the aim of quantification is not necessarily to show exact return on investment for the customer, but rather to demonstrate the size of the *value opportunity*.

Töytäri & Rajala (2016) posit that value quantification is done in three stages. First, the gap between current and achievable performance levels is determined. Second, the gap is quantified in terms of measurable monetary value, such as revenue increase or cost reduction. Third, individual value elements are aggregated into a total sum, which represents the quantified value. (Töytäri & Rajala, 2016)

Moreover, to encourage buying, customer risks of buying are mitigated by offering guarantees: if results are not as good as predicted, the contract can be renegotiated or terminated. On the other hand, if results are positive, the customer must commit to long-term business. The seller thus shares the customer's risk, which encourages both parties to attain the set business goals. (Terho et al., 2012).

3.5. Outside-in and inside-out views of value propositions

The previous section based crafting value propositions on understanding the customer and its business. This method can also be described as an *outside-in* approach. Outside-in starts with analysing customer needs and building a value proposition and an offering that satisfies those needs. This outward approach is often called market-pull, referring to an existing market that would benefit or even be disrupted by new technology (Lubik, Lim, Platts, & Minshall, 2013).

In contrast, value propositions can also be crafted based on the offering, not its user. This *inside-out* approach refers to building value propositions based on the bundles of benefits that an organisation's offerings might offer to a buyer. This approach is also referred to as technology-push, which can be described as developing new technologies for unestablished markets (Lubik et al., 2013).

This section covers several methods of identifying business opportunities, which is directly linked to the crafting of a value proposition. Although the link is not explicitly articulated, it stands to argue that identifying business opportunities lays the foundation for building value propositions.

3.5.1. Market-pull and technology-push

Lubik et al. (2013) argue that a start-up does not have to be either market-pull oriented or technology-push oriented but can be both or shift focus from one to another over time. While extant research highlights that technological development should be driven by market-pull, the authors argue that market-pull typically leads to only incremental innovation. Technology-push and basic research are required to discover disruptive or radical innovations that shape existing industries, create new ones and lead to economic growth. (Lubik et al., 2013)

There is no definitive consensus that one orientation would be more successful than the other. Some studies argue that defining which orientation to adopt is unnecessary since a successful firm will have to utilise both. In general, market-pull strategies result in more predictable business due to existing infrastructure, knowledge on customer-base and sales and distribution channels. Technology-push orientation typically leads to longer time-to-market, higher risks on market and technology and slow adoption by customers. However, innovative technologies can have a higher return on investment and better market penetration in the long term. (Lubik et al., 2013)

Lubik et al. (2013) also show that manufacturing start-ups shift from market-pull to technology-push and vice versa at some point. The shift from market-pull to technology-push occurs after initial customer feedback, and the most common reason is to improve competitiveness. This shift suggests that the manufactured offering is too tailored to be competitive on the market. The shift from technology-push to market-pull typically occurs due to better realisation of actual customer needs or shift in management priorities caused by investor pressure or financial difficulties. (Lubik et al., 2013)

Market-pull does not need to be based on analytical or statistical market research but can also be based on entrepreneurial opportunity recognition. Business opportunities can be recognised, for instance, by an entrepreneur based on their experience in work at an incumbent company. (Lubik et al., 2013)

3.5.2. Benchmarking

As earlier mentioned, the starting point for a compelling value proposition is customer needs. Not all value propositions originate from the supplier but can be developed from the environment too. Wotruba (1996) suggests using new ideas and practices to improve selling and marketing. Competitor benchmarking is an example of a method that can spark new ideas for selling and value propositions. Benchmarking refers to identifying and imitating competitors' superior practices to improve a firm's own operations. Non-competing organisations in other industries can also be benchmarked.

3.5.3. Lead-user analysis

(Urban & Von Hippel (1988) suggest using *lead user analysis* to develop new industrial products. In lead user analysis, progressive buyers are invited to test new offerings already during the development phase. These lead users are interviewed on their preferences, future market needs and commercial interests to develop commercially attractive offerings.

A lead user is defined as an individual or a group who (1) faces needs before the majority of the market faces them, and (2) will benefit significantly by an offering that solves those needs. The authors present several reasons to use lead user analysis in new product development:

1. Market research depends on understanding customer needs.
2. Research shows that customers and users are well-positioned to give information regarding their business needs and problems based on their experience.
3. Need-related trends arise in certain groups earlier, and innovations are diffused to the vast majority by the example set by these pioneering companies.
4. It stands to argue that companies and users who are willing to see the effort for solving their business problems in lead user analysis are also likely to benefit from the resulting offerings.
   (Urban & Von Hippel, 1988)

3.5.4. Process and innovation mapping

Service businesses can be improved by various methods, such as service blueprinting, moments-of-truth and service quality research (Bettencourt, Brown, & Sirianni, 2013). However, these methods are limited to identifying incremental improvements in internal service processes. Instead, Bettencourt et al. (2013) suggest a customer-oriented framework that aims to identify novel service innovation opportunities:

- This four-step framework begins with identifying what *jobs* customers are trying to get done in each customer touchpoint. This question goes beyond trying to understand how satisfied they are with current service and how it could be improved.
- The second step includes determining if the customer jobs are part of a more extensive process. Typically, a service provider sees only a small task in the customer interface, which leaves the overall customer need undiscovered. Therefore, understanding the whole process can reveal new opportunities for creating value.
- The thirds step aims to determine what opportunities exist for the customer to get the job done better. The outcomes of these opportunities should be measured to prioritise which ones are most important and most poorly satisfied currently.

- The fourth and final step involves assigning time and resources on innovating new services based on the identified top-priority customer jobs. In this step, the customer is engaged in the value creation process to convert them from the passive role of a payer (value-in-exchange) into an active contributor (value-in-use).
  (Bettencourt et al., 2013)

3.5.5. Innovation radar

Sawhney, Wolcott, & Arroniz (2006) created a framework that consists of 12 different dimensions of business innovation. Each dimension can also be regarded as a source of value proposition. The authors argue that organisations often seek business and innovation opportunities in the same dimensions. Companies within the same industry try to lure the same customers with similar products, capabilities and processes. Best practices are copied and benchmarked from and by competitors, making differentiation difficult. The innovation radar looks beyond competitors and therefore offers a broader view of different sources of value.

The four key dimensions of the innovation radar are:

1. Offerings – the organisation's products and services.
2. Customers – the individuals and organisations who use the offerings.
3. Processes – the organisation's internal operations and business activities.
4. Presence – the distribution channels that the organisation uses to get its offerings to the customers. (Sawhney et al., 2006)

The additional eight dimensions fall between these key dimensions and are described in Table 4.

Table 4: The 12 dimensions of business innovation. Adapted from (Sawhney et al., 2006).

Dimension	Definition
Offerings	Develop innovative new products or services.
Platform	Use common components or building blocks to create derivative offerings.
Solutions	Create integrated and customized offerings that solve end-to-end customer problems.
Customers	Discover unmet customer needs or identify underserved customer segments.
Customer experience	Redesign customer interactions across all touch points and all moments of contact.
Value Capture	Redefine how company gets paid or create innovative new revenue streams.
Processes	Redesign core operating processes to improve efficiency and effectiveness.
Organization	Change form, function or activity scope of the firm.
Supply Chain	Think differently about sourcing and fulfilment.
Presence	Create new distribution channels or innovative points of presence, including the places where offerings can be bought or used by customers.
Networking	Create network-centric intelligent and integrated offerings.
Brand	Leverage a brand into new domains.

This section included only a few examples of practical methods that organisations and salespeople can use to design their value propositions. The use of value and value propositions in sales has been conceptualised into the concept of *value-based selling*, which is elaborated in the next section.

3.6. Value-based selling

The seminal article by Terho et al. (2012) was among the first to conceptualise value-based selling. The authors divide value-based selling into three dimensions: (1) understanding the customer's business model, (2) crafting the value proposition, and (3) communicating customer value.

In the first dimension, the seller must go beyond the needs expressed by the customer. Based on in-depth interviews with sales executives, the authors have found that sellers need to understand the customer's earning logic, value proposition and the customer's own customers. This goes beyond understanding the needs articulated by the customer. Instead, value-based sellers must understand the real business needs beyond what the customers explicate. These *value drivers* are the most important factors that add substantial value to the customer. (Terho et al., 2012)

Internalizing the customer's business helps the seller in the second dimension of value-based selling: crafting a *compelling value proposition*. Based on their interviews, Terho et al. (2012) found that a major aspect of this dimension is quantifying the customer value. Value quantification was already presented in section *3.4.4. Value quantification*. Such value-quantifying methods include return-on-investment (ROI) calculations and lifecycle calculations. For benefits that are difficult to quantify, customer references and usage scenarios are used. A quantified value proposition that shows the customer that a purchase is profitable is difficult to refuse. However, this cannot be achieved without customer-specific inputs, such as data that can be used in value calculations. This requirement of customer input promotes the idea of *value co-creation*. (Terho et al., 2012)

The third dimension is communicating the compelling value proposition to the customer. Terho et al. (2012) define that this sales communication entails the seller convincing the customers that the purchase is profitable. Superior customer value is demonstrated by the persuasive evidence of the quantified value proposition. Furthermore, the seller attempts to build trust with the seller. This trust is achieved by transparency and openness, such as exploring alternatives together with the customer. Customer-perceived risks are also mitigated by offering guarantees and sharing the risk. (Terho et al., 2012)

Töytäri & Rajala (2015, p. 101) bridge the gap between the concept of value-based selling and its application in practice: they define value-based selling as *"a sales approach that builds on identification, quantification, communication and verification of customer value"*.

Töytäri (2018) has formulated a value-based selling framework with three stages: Customer Insight; Value Proposition; and Customer Engagement. This framework is depicted in Figure 3. These three stages are very similar to the three dimensions presented by Terho et al. (2012). The Customer Engagement stage forms a structure for value-based solution selling, which is elaborated on section *4.5. Value-based solution sales process* below.

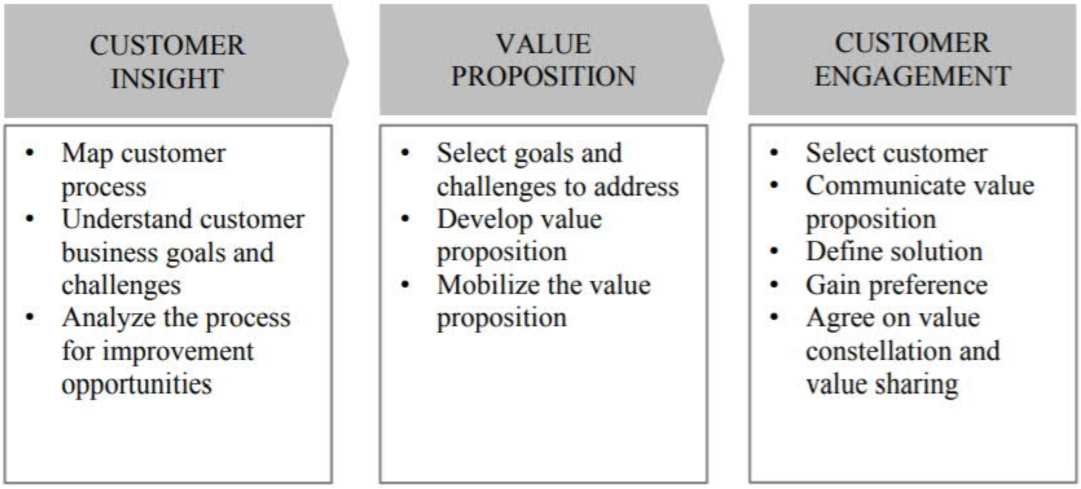

Figure 3: Framework for value-based selling (Töytäri, 2018).

4. Sales process

This section discusses why sales processes are essential to organisations, and why they are not trivial to design. Furthermore, the evolution of sales process models is presented, concluding with a value-based solution sales model.

The terms *sales process* and *selling process* are often used interchangeably (Viio, 2011; Viio & Grönroos, 2014), and they seem to lack commonly accepted definitions. In fact, many articles that discuss sales process neglect defining the term (e.g. Storbacka, Ryals, Davies, & Nenonen, 2009; Bernard et al., 2016; Syam & Sharma, 2018). Viio (2011, p. 64) defines sales process as: *"A system of elements containing series of activities and actions or steps that are primarily conducted by the seller, with the aim of initiating business engagement between the buyer and seller."*

Another salient distinction is made between *personal* and *non-personal* selling. Selling is personal when it occurs between salespeople or sales teams and buyers or buying teams. In contrast, advances in technology and especially the internet have enabled non-personal selling to proliferate. Online stores and other automated selling and buying systems require no personal interaction between the seller and buyer. (Viio, 2011)

In this thesis, the focus is on personal selling.

4.1. Why organisations need a formal sales process

Bosworth & Holland (2004) claim that a traditional seller is likely to have better success with a good sales process than a naturally talented seller with an artistic approach. Research also shows that a systematic sales process has a significant impact on results, but half of a sales organization refuse to adopt it (Bernard et al., 2016). In their survey, Jordan & Kelly (2015) found that firms with a defined sales process had 18% more revenue growth than those without it. Cummings (2006) also found that in a sample of 1275 companies, only 45% have a formal sales process, although a structured sales process is claimed to have increased overall sales results in 90% of sales organisations.

Furthermore, Bernard et al. (2016, p. 2) claim that sales processes *"have been barely studied in academic research"*. The time for promoting "sales as a science" is ripe, as technological advances in sales tools allow accurate measuring and monitoring of salespeople activity. Customer Relationship Management (CRM) tools can be used to collect data on everything salespeople do, but few firms make good use of this data. (Bernard et al., 2016).

4.2. Art versus process

Numerous sales paradigms have been conceived and developed throughout history, which indicates that one size does not fit all. No single selling process is dominant over others (Román & Iacobucci, 2010). Moreover, a standardised sales process is challenged by adaptive selling orientation, which argues that customer needs vary, and a salesperson must adapt to those needs. Proponents of adaptive selling include Román & Iacobucci (2010) and (Viio & Grönroos (2014).

Because no single dominant sales process or technique has been found, salespeople are often left with plenty of freedom to execute their work. Some salespeople will succeed by following their intuition, while others will fail. Sales managers are quick to conclude that the merits or failures are credited to the salesperson themselves, instead of the process that they follow or the sales materials that they have. This is an age-old question that it still left unanswered: should salespeople be given artistic freedom, or should they have a strict sales process to follow? The answer probably lies somewhere between the two extremes.

Williams & Plouffe (2007) analysed 1012 sales-related academic articles published between 1983 and 2002 and found that selling process and techniques is the single most studied topic: 146 of them discussed it. The sales process is a widely studied topic. The next section is by no means an exhaustive listing of all sales-related theories and concepts but covers some recent prominent topics.

4.3. Sales process development

Early bestselling books on sales helped salespeople become artists with excellent interpersonal skills and the ability to influence buyers' emotions (Bernard et al., 2016). To counter the risky and unpredictable nature of the artistic sales approach, scientific sales processes were developed in the 1980s. Early examples include SPIN selling (Rackham, 1988) and the seven steps of selling (Dubinsky, 1981), which aimed to develop a systematic, repeatable approach to sales.

The seven steps of selling can be traced back to the 1920s, and since then the framework has been the foundation of almost all sales training programs and personal selling textbooks for nearly a century (Moncrief & Marshall, 2005). Due to the longevity of the model, it is presented in detail in the following section. Even today, its influence can be observed in many sales process models.

4.3.1. The seven steps of selling

Moncrief & Marshall (2005) explicate the seven steps of selling as follows:

(1) *Prospecting* refers to salespeople searching for new customers. Typical activities include referrals, cold canvassing, networking and many others.
(2) *Preapproach* happens after prospecting before the new customer has been met. This step includes getting to know the customer's needs and business and preparing to meet them. Typically, this happens on the phone.
(3) *Approach* includes the seller making a good first impression on the customer before the actual sales presentation.
(4) *Presentation* may involve multiple sales calls or meetings, where the seller presents their product and demonstrates its benefits.
(5) *Overcoming objections* includes answering the buyer's hesitancies and questions about the product or seller. There are nearly always objections of various forms, but rather than being an obstacle, they uncover customer needs and reveal whether the sale will be mutually beneficial.
(6) *Close* refers to the completion of the sale in the form of buyer commitment.
(7) *Follow-up* finalises the sale: it includes ensuring product delivery and customer satisfaction. (Moncrief & Marshall, 2005)

Despite its lengthy prominence, the seven steps of selling has recently been challenged by various transformative factors. Moncrief & Marshall (2005) list factors such as technology, changes in the strategic role of selling, and increased buyer knowledge. The transformative factors are shown below in Table 5: The evolution of the seven steps of selling (Moncrief & Marshall, 2005). More recently, Bernard et al. (2016) have added that successful selling has become increasingly difficult due to sales force automation, online channels and globalised markets.

Table 5: The evolution of the seven steps of selling (Moncrief & Marshall, 2005)

Traditional seven steps of selling	Transformative factors	Evolved selling process
(1) Prospecting	Telemarketing Internet selling Organizational prospecting	(1) Customer retention and deletion
(2) Preapproach	Laptop account data Support staff	(2) Database and knowledge management
(3) Approach	Build a foundation	(3) Nurturing the relationship (relationship selling)
(4) Presentation	Powerpoint/multimedia Listening Team selling Multiple calls Value-added Buying centers	(4) Marketing the product
(5) Overcoming objections	Predetermining needs	(5) Problem solving
(6) Close	Identifying mutual goals	(6) Adding value/satisfying needs
(7) Follow-up	Increased effectiveness of communication through technology	(7) Customer relationship maintenance

Considering these transformative factors, Moncrief & Marshall (2005, p. 18) claim that the traditional seven steps of selling are *"yesterday's paradigm"* and therefore, they propose an evolved framework. The new steps are not sequential, but rather progress over time depending on the relationship between the seller and buyer. The evolved seven steps are as follows:

(1) *Customer retention and deletion*: Instead of acquiring masses of new customers, the focus has shifted to retaining current, profitable customers and relinquishing small, non-profitable customers.

(2) *Database and knowledge management*: Technology has enabled sales organisations to gather and maintain broad knowledge of customers, including purchasing history, current and future needs, and so on.

(3) *Nurturing the relationship (relationship selling)*: Salespeople will naturally aim for a good first impression, but now the goal is not to close the next sale, but to lay a foundation for a long-term partnership.

(4) *Marketing the product*: Earlier, on-site sales presentations were a cornerstone of the selling process. Today, the presentation can be delivered more effectively through other channels, such as on websites or email. Salespeople continue to convey information to buyers, but methods have been updated: salespeople will perform some activities previously seen as marketing's responsibility.

(5) *Problem solving (also known as consultative or solution selling)*: Rather than overcoming or dodging objections, salespeople attempt to identify customer needs, problems and goals and find a suitable solution to them.
(6) *Adding value/satisfying needs*: As the emphasis has shifted from closing a single sale to building a long-lasting, mutually profitable relationship, the traditional close has lost its significance. Efforts are instead guided to value-adding selling, which leads to continual business and customer loyalty.
(7) *Customer relationship maintenance*: The traditional follow-up in the form of a thank you letter is not sufficient for maintaining a profitable business relationship. The relationship requires ongoing maintenance to ensure customer satisfaction, and in turn, offers the seller a chance for additional consultative selling. (Moncrief & Marshall, 2005)

The seven steps of selling have other critics too. Borg & Young (2014) argue that the complexity of B2B relationships cannot be simplified into seven sequential steps of selling. The authors review the evolution of the selling process and highlight the shortcomings of past selling models. Many models have a common shortcoming: they view the sales process from a monadic perspective; that of the seller. This monadic view is present in many prominent selling theories, such as stimulus-response theory and AIDAS (Attention, Interest, Desire, Action, Satisfaction). Research has expanded to include the buyer perspective, resulting in dyadic theories. However, in dyadic theories selling is often regarded as an interaction between a single salesperson and a single buyer. In reality, there is usually more than one person involved in organisational buying. (Borg & Young, 2014)

Although many theories link the sales process to customers' buying processes (dyadic perspective) but exclude the larger network level, which includes other actors than the seller and the buyer. Therefore Borg & Young (2014) develop a framework that includes the network level. On this level, selling is influenced by other actors in an organisational network. Both the seller and buyer are a part of this organisational network. The authors emphasise that instead of following simple steps of sales, managers should create and develop valuable relationships with other organisations. The authors conclude that a firm's survival depends on its relationships and networks, which are tied to a multi-level selling process. (Borg & Young, 2014)

Furthermore, Viio & Grönroos (2014) claim that buying, like selling, has shifted from transactional orientation to relationship orientation. However, they claim that both orientations can co-exist and vary depending on the type of purchase. Not all offerings and customers require a relationship approach. Instead, a seller should find a strategic balance between relational and transactional selling.

4.4. Sales process milestones and auditable input

Jordan & Kelly (2015) argue that a formalised sales process must have clearly defined stages and milestones that leave no room for guessing. This argument is supported by Bosworth & Holland (2004) who argue that a good sales process requires also consistent, auditable input. Today, the majority of salespeople enter their data into CRM systems. However, without well-defined process guidelines, the input is susceptible to subjectivity and notable variations. Ideally, CRM inputs and outputs are objective and result in predictable sales results. Based on these criteria Bosworth et al. (2010, p. 85) define sales process as:

"*A defined set of repeatable, interrelated activities from market awareness through servicing customers that allows communication of progress to date to others within the company. Each activity has an owner and a standard, measurable outcome that provides inputs to another activity. Each result can be assessed, so that improvements can be made to (1) the skills of people performing the activities and /or (2) the sales process itself.*"

A sales process model is never complete. Instead, it should be continually iterated to ensure best results. Without objective inputs it is challenging to pinpoint shortcomings in the process. If shortcomings are not identified, improvements cannot be made. Objective, measurable inputs also lead to objective, measurable outcomes. Common ways of working also enable sharing of best selling practices among salespeople.

4.5. Value-based solution sales process

Töytäri (2018) provides a framework for a value-based solution sales process. This process embedded in the third and final stage of the value-based selling framework presented in section *3.6. Value-based selling.* The process consists of the five stages of customer engagement shown earlier in Figure 3: Framework for value-based selling (Töytäri, 2018).. The five stages are labelled *Select*, *Communicate*, *Define*, *Preference*, and *Agree*, as shown in Figure 4. Each stage is presented in detail next.

- **Select** refers to choosing the right customer segment to engage. Instead of trying to sell to everyone, customers should be in a position to benefit from the seller's value proposition.
- **Communicate** the value proposition. The value proposition is used to influence the buyer's perceptions and to communicate the value opportunity, as discussed earlier in section *3.4. Value proposition*.
- **Define** refers to the supplier's aim to define a solution that shows how the seller can help the buyer reach its goals. This is tied to the value quantification efforts described in section *3.4.4. Value quantification.*
- **Preference**. As the buyer typically browses several alternatives, the seller aims to be the preferred supplier. If the seller has crafted their value proposition based on customer needs, the seller is in a good position to beat the competitors.
- **Agree** on value constellation and value sharing. As value is co-created, stakeholders need to agree on how value is shared. Value distribution between the seller and buyer was shown earlier in Figure 2. Töytäri (2018)

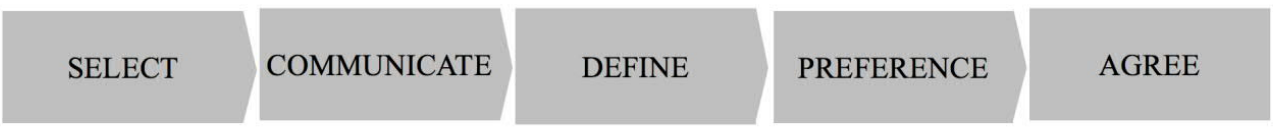

Figure 4: Value-based sales process, adapted from (Töytäri, 2018)

This sales process is tied to the buyer's buying process, which is presented next.

5. Buying process

Many sales process frameworks have a monadic perspective – they only consider the seller's perspective, neglecting the buyer. The role of the buyer if often regarded as a passive one. However, organisational buying is often systematic, especially in larger organisations. This section covers literature on organisational buying.

5.1. Buying process models

As the selling process, the buying process can be viewed as a series of steps in a rational decision-making process. Organisational buying processes are typically depicted as a number of consecutive stages. (Viio, 2011)

Most stage-based purchasing process models follow a similar pattern. The stages often start with recognising a problem or need. To solve the problem or to satisfy the need, the buyer searches for available solutions, followed by comparing alternatives. Finally, the decision to buy (or not to buy) is made. Stage-based buying process models are common (see e.g. Axelsson & Wynstra 2002; Burger & Cann 1995; Ghingold & Wilson 1998; Webster Jr 1965; Webster & Wind 1972). Differences, benefits and weaknesses among the various buying process models will not be reviewed here. Instead, we focus on goal achievement buying model by Töytäri (2018), which is elaborated in the next section.

5.2. Goal achievement

According to Töytäri (2018, p. 272), *"all individuals and organisations buy to achieve goals".* Goals provide criteria for organisational decision-making and help to select the most potential value creation opportunities. Organisational goals are often hierarchical, meaning that high-level business challenges determine the goals for lower levels. (Töytäri, 2018)

To achieve its goals, an organisation searches for external offerings. Töytäri (2018) illustrates the organisational buying process in four stages, as depicted in Figure 5. Organisational buying is initiated by an *incentive to act*: there is a gap between the current state and a desired future state. To cross the gap, the organisation must develop a *solution vision* based on the identified challenges and issues. Next, the organisation begins a *search for alternatives*, where available options are compared to find the best value with the lowest risk. Finally, the buyer makes a *decision* to buy and agrees on the details of the purchase with the seller: price, roles, responsibilities, terms and conditions. (Töytäri, 2018)

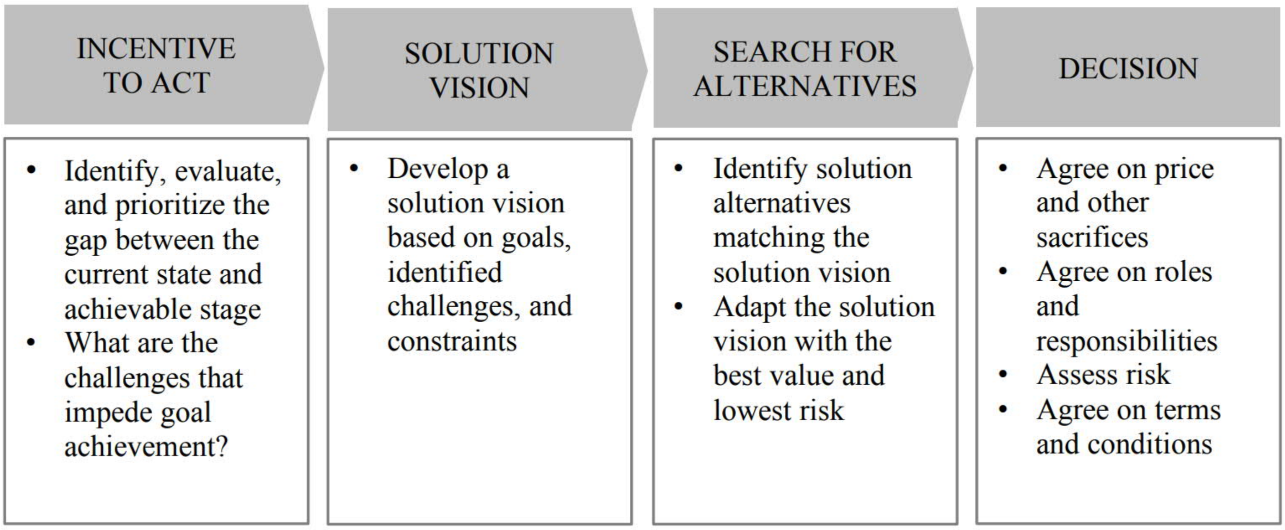

Figure 5: The goal-driven buying process (Töytäri, 2018).

5.3. Connecting the sales process to the buying process

The value-based sales process is closely aligned to the buying process pictured above. The alignment of the two processes is shown in Figure 6. Throughout the stages, salespeople do three types of selling activities.

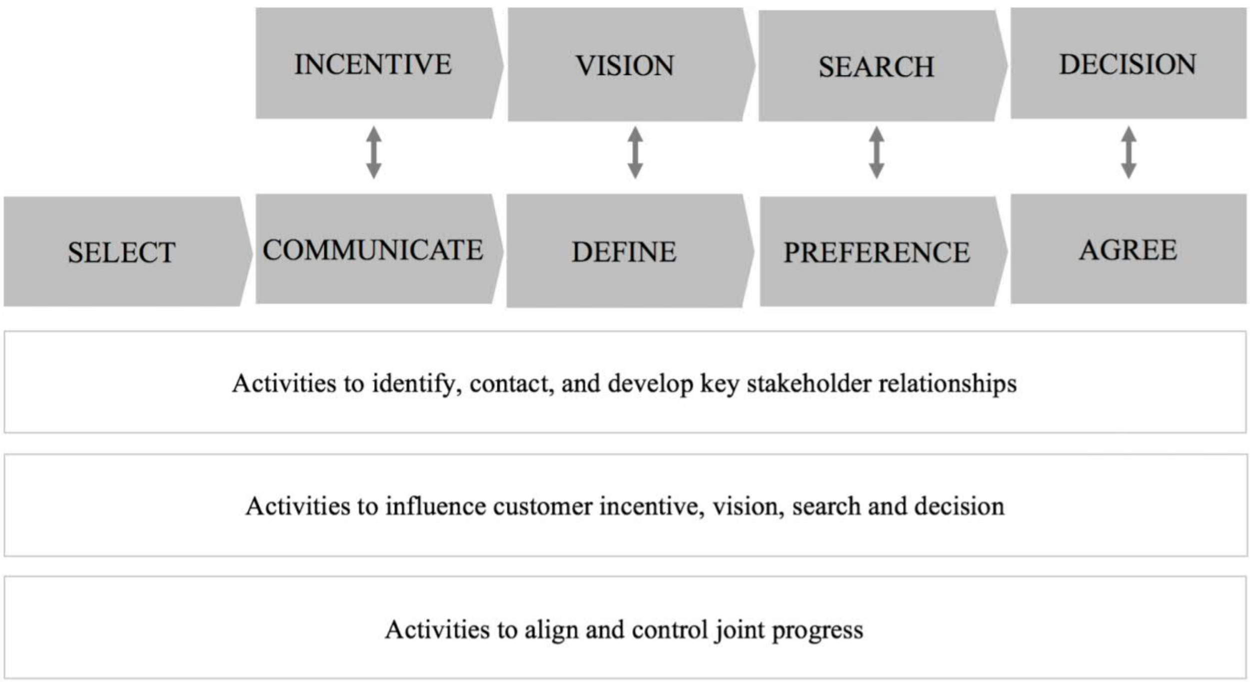

Figure 6: Buying and selling process alignment (Töytäri, 2018)

Firstly, there are activities related to identifying, contacting and developing key stakeholder relationships. These stakeholders are those whose goal achievement is aided by the seller's value proposition. Secondly, salespeople attempt to influence the customer in each stage of the buying process. Thirdly, salespeople act to control and align the processes by planning joint activities with the buyer. (Töytäri, 2018)

5.4. Adapting to the buying process

The seller is often expected to adapt to the buyer's buying process. This adaptation happens even if the buyer initiates the process. According to Viio & Grönroos (2014, p. 1085), *"understanding of both the sales and buying processes as well as basing the adaptation on a specific concept is pivotal".* Without a concept for adaptation the seller often relies on ad-hoc or reactive adaptation. However, these types of adaptation might even have a negative effect on sales results. Therefore, Viio & Grönroos (2014) suggest a three-layer framework for a *planned* sales process adaptation. In order to execute a planned adaptation, the seller must have knowledge of the buyer's buying process and the possibility to adapt accordingly. In addition, the seller should consider the relationship orientation of both the seller and buyer. The third layer refers to Kraljic's purchasing portfolio: the seller should acknowledge its offering's strategic importance and substitutability. (Viio & Grönroos, 2014)

Adaptive selling mostly focuses on behavioural aspects, such as modifying the sales presentation according to the customer's situation. In contrast, sales process adaptation refers to adjustments made at the business process level in order to initiate a business engagement. Both the seller and buyer can do sales process adaptation. (Viio & Grönroos, 2014)

Value-based selling and adaptive selling require flexibility, which is difficult to formalise into a process. Viio (2011) claims that while value-based selling can be effective at a salesperson level, it is challenging to transform into a sales process. Similarly, the evolved seven steps of selling lacks predictability if it claims to start or stop in any of the seven steps. This unpredictability contradicts the aim of having a formal sales process, which is to help sales managers and salespeople to manage their customer base and sales pipelines. (Viio (2011) argues that this is a vital task.

6. Summary of sales development

This section summarises how sales has evolved and resulted in the emergence of value-related sales approaches. Essential developments are listed here:

- Sales has shifted from transactional to longer-term focus, resulting in the emergence of relationship selling. Furthermore, selling is no longer only interpersonal, but inter-organisational as selling and buying processes involve multiple people from both parties.
- The shift from transactions to relationships has resulted in the reshaping of sales processes. Early selling process models ended in closing the deal. Now, the first transaction is only the beginning of a mutually beneficial business relationship.
- Selling has become more customer-oriented. Instead of selling whatever is produced, salespeople need to offer something valuable to the customer. Value propositions are crafted outside-in based on the customers business challenges and goals.

- Selling is no longer only a form of art, although salespeople require some degree of flexibility. The success of salespeople is not based on their traits and influencing behaviour. Instead, successful sales is based on providing compelling, quantified value propositions to customers.
- Advances in technology have enabled better measuring and optimising of selling activities and processes. Salespeople can focus their activities on the most profitable opportunities based on data and historical close rates.

As earlier stated, there is no single dominant method of selling. Therefore, sales strategies must balance between the promises of improved results of a formal, systematic sales process, and a flexible, value-based, adaptive selling approach. However, it can be argued that for a start-up trying to acquire a handful of its first customers, a systematic approach is more suitable. Without systematic testing of sales activities, sales arguments and value propositions, it is nearly impossible to pinpoint the shortcomings of selling. Adaptive selling, primarily ad-hoc or reactive adaptation, can be used as an excuse for a salesperson to walk in the buyer’s leash instead of taking control of the sales process.

Start-up companies will not have the time to browse through this plethora of research to find the most suitable sales approach. Thus, they will most likely enter a never-ending trial-and-error cycle until they succeed or fail. To better understand start-up companies’ sales processes, research question 2 is formulated:

Research question 2: What types of sales processes do start-up companies have?

To answer the two posed research questions, interviews with ten start-up companies were conducted. The research method is elaborated in the next section.

7. Research approach

This section presents the research methods employed in this study, as well as introduces the case companies and data analysis methods.

7.1. Research methodology

In this thesis, purposeful sampling is used to find information-rich cases. According to Palinkas et al. (2015), purposeful sampling can be used to identify and select an appropriate sample with limited research resources. This thesis is a qualitative study with the intention of achieving a *depth* of understanding, whereas quantitative methods typically aim for a *breadth* of understanding. Quantitative studies typically use random sampling to allow generalisation of results. To narrow the variation between cases, *typical case sampling* is used. The purpose of typical case sampling is to illustrate what is typical, normal or average about the cases, not to generalise statements across participants. (Palinkas et al., 2015)

In this study, purposeful, qualitative method is the most appropriate alternative, as surveys of large samples would be unlikely to yield new, exciting results. As shown by Viio (2011), respondents are likely to claim to have an informal sales process but are unable to describe it at all. Furthermore, Eisenhardt (1989) claims that random sampling is neither necessary nor preferred.

The cases are studied using a series of interviews with key informants. According to Kumar, Stern, & Anderson (1993), interviewing key informants is appropriate when surveys are insufficient for acquiring complete or in-depth information. Key informants are chosen based on their knowledge on the issues under research and their willingness to communicate.

The key informant methodology is prone to errors, especially to informant bias and random error: informants in differing organisational roles give them differing perspectives. To counter these errors, I use multiple informants from most cases and compare their answers. As Kumar et al. (1993) state, the *"benefits of multiple-informant studies are well documented"*, and are not restated here either. Furthermore, perceptual differences among informants can be interpreted as a premise for the need of systematic selling processes and value propositions.

Another issue with key informants is related to their competence: whether they are qualified to answer the research issues (Kumar et al. 1993). Therefore, the chosen key informants are the top managers of sales. In this study, the case companies are relatively small, and thus it can be assumed that the informants are competent.

As Eisenhardt (1989, p. 536) claims, case study approach *"is especially appropriate in new topic areas"*. Sales processes and value-based sales approaches in start-ups are a novel research topic, and therefore the case study approach is appropriate.

Next, the case companies are introduced.

7.2. Case companies

Ten case companies were selected for this research. A total of 15 key informants in these ten companies were interviewed. The interviews were semi-structured, including questions regarding current sales processes; value communication and quantification; sales challenges; and improvement plans for sales. Interview lengths varied between 19 and 74 minutes. The companies were start-ups and scale-ups operating in B2B markets and practising personal selling. They were selected based on their fit on the typical start-up case, where there are no large sales teams. Typically, the chief executive officer (CEO) and founders are responsible for selling in the early stages of a start-up. In this sample, eight out of ten companies have the CEO or other C-level managers and founders selling. The case companies are listed in Table 6.

Table 6: Case companies

Case Company	Sales team size	Key informant 1	Key informant 2
Case Company A	CEO, two salespeople	CEO	Sales Manager
Case Company B	Chief Commercial Officer, Marketing Manager, Sales Manager	Marketing Manager	
Case Company C	Sales Director, Chief Executive Officer, Marketing director + 2 agents	Sales Director	
Case Company D	CEO, Business Development Manager, Marketing Manager	Business Development Manager	
Case Company E	5 in Finland, 3 in Sweden, 2 Partnership managers in USA	Sales Director	Sales Manager
Case Company F	Three partners (including CEO)	CEO	Partner
Case Company G	CEO, Commercial Director	CEO	Commercial Director
Case Company H	No active salespeople	CEO/co-founder	Chief Financial Officer/co-founder
Case Company I	Two sales managers	Sales Manager	
Case Company J	CEO, Chief Marketing Officer supporting	CEO/co-founder	

7.3. Data analysis

The interviews were transcribed, and the transcripts were analysed and coded using Atlas.ti software. Recurring themes emerging in the interviews were then grouped under categories, including: “sales process”, “sales channels and partners”, “value communication”, “value quantification”, “challenges” and “improvement plans”. Each category also included subcategories. In the analysis, similarities and differences in each category among the case companies were discovered. The findings are presented next.

8. Findings

The findings from the case company interviews are compared to the literature reviewed in this thesis. The findings are listed here in the categories that emerged in the interviews. Conclusions of the findings are not drawn here but in the following section *9. Discussion and conclusions*.

8.1. Sales processes

Nine out of ten case companies had divided their sales process into multiple stages. The odd one out, Case Company H, operates in the medical device industry, where sales is regulated by European Union’s Medical Device Directive. However, even they have drafted a sales process and executed the first stages of it, but they cannot finish sales yet due to the lack of a sales permit.

8.1.1. CRM systems serve as documentation for stage-based sales processes

The widely used CRM systems, such as Pipedrive and HubSpot, serve as a guiding principle for a stage-based sales process. For many case companies, the sales pipelines in CRM systems are the only documentation of the sales process. These pipelines typically have a fixed number of stages, and each customer falls into one of these stages. Although there are no documented criteria on the transition between stages, it is usually self-evident.

> *"Yes. It [the sales process] is documented in our CRM system." CEO, Company A*

> *"Process as such, no. But we use a CRM to track our sales, there are different stages, where [deals] are going. We have five stages." Commercial Director, Company G*

Furthermore, in many cases, more formal documentation is claimed not to be needed. For example, Partner in Case Company F states that, apart from the CRM system, they do not have documentation of the sales process because:

> *"…We have been in [sales] for so long, and in the end, most sales processes are quite simple, so we know how the process goes even in our sleep." Partner, Company F*

In the smaller sales teams, it seems like a formal sales process is a restriction and that it is only needed for new salespeople onboarding and to avoid overlapping. Sales Manager of Company A says:

> *"It [the sales process] should be documented, and especially when sales start growing, it needs to be clarified on paper… Especially when we have new salespeople starting… It needs to be clarified who is selling what and to whom. So that we don't go after the same catch." Sales Manager, Company A*

The CEO of F also agrees that in a small team where only three people do sales, there is no need for a strict sales process or to log every single activity. Information is shared orally within the sales team in formal and informal meetings.

> *"If we were seven or ten people in sales, it would be a necessity to log everything; otherwise, there would inevitably be overlaps… In a small [company], sales can be done more intuitively, freely and in a personal way." CEO, Company F*

However, there also needs to be sharing of best practices and materials. CEO of Company A also sees that the use of value propositions needs to be unified.

> *"Another [challenge] is the lack of common materials… Everyone can have their own way of selling, but value propositions need to be specific… Their use needs to be more uniform." CEO, Company A*

The influence of sales team size becomes evident already in a slightly larger company. In Case Company E, which has multiple sales teams, the sales process is more formal and well-documented. There are training materials and descriptions for each stage. However, the Sales Director also emphasises that the sales process is only a guideline and that each deal does not need to pass each stage.

"It may be more apt to say, as in a normal sales process, that we need to open a conversation [with the client]. We need to win their trust. We need to understand the client's needs as well as possible by asking the right questions…" Sales Director, Company E

To summarise, the case companies use CRM systems to build, develop and monitor their sales processes. The sales pipeline in these systems serve as a guideline for selling, and no additional documentation is required. The presence of sales processes and their documentation is summarised in Table 7.

Table 7: Sales process use and documentation in case companies

Case Company	Sales process
Case Company A	Stage-based sales process, documented in CRM system.
Case Company B	Stage-based sales process, documented in CRM system.
Case Company C	Stage-based sales process, documented in self-made Excel-based CRM system.
Case Company D	Stage-based sales process, documented in CRM system.
Case Company E	Stage-based sales process, documented in CRM system. Each stage is described to be used in, e.g. training materials.
Case Company F	Stage-based sales process, documented in CRM system. However, it is not routinely used.
Case Company G	Stage-based sales process, documented in CRM system.
Case Company H	Sales process is drafted. Sales processes in the industry are regulated and selling requires a permit.
Case Company I	No documented sales process. Description of sales work is similar to stage-based models.
Case Company J	Sales process is documented in a sales pipeline.

8.1.2. Sales metrics

Another advantage of the CRM systems is their in-built sales metrics. They collect data on all activities and track, for example, sales cycle lengths and hit rates. Several case companies utilised this feature to measure such indicators.

"We measure everything. We have metrics on how much time it takes from the first call to make the sales… Of course, we also measure the number of leads. The more we have leads on the top of the funnel, the more likely it is to succeed." CEO, Company G

"Number of meetings, how many offers we have sent, and how much sales we generate". Commercial Director, Company G

"In addition to total sales, we track activity levels: number of meetings to put it simply… We measure the hit rate on how meetings lead to offers and how offers lead to closed sales." Sales Director, Company E

"You must keep the data in shape, and it is especially important to us now that have a new fund-raising round coming. The investors will want to see the numbers: how many activities we make, in which countries, what is the conversion." Marketing Manager, Company B

Despite the possibility of tracking everything, the most crucial metric is still total sales generated.

"We have set… a sales target, which is [X number] of euros per month… We could also have a goal on the number of contacts, but I don't think it makes much sense. It would make sense if we had people who did only sales…" CEO, Company F

"In practice, we measure salespeople's work by sales targets and results… A sales target in euros, yes." CEO, Company A.

"At this point, in the end, it's just what cases we close." CEO, Company J

There are exceptions, however. Case company I does not use closed sales as a metric, because it cannot be controlled by the salesperson alone.

"At first, we tracked how many calls we made, have we reached meeting targets. We tried to get a specific number of meetings and calls related to the number of hours [of work]. That was important. Closing deals has never been one of the metrics because it's always been uncertain." Sales Manager, Company I

Although the CRM systems enable measuring almost everything, start-ups seem to focus more on getting things done than optimising every stage. As long as sales is generated, it does not matter how it is done. Nevertheless, there was no evidence that all these metrics would be systematically studied to improve sales processes and selling activities.

8.2. Salesperson personality and behaviour

Salespeople's individual behaviour and flexibility can be regarded as the opposite of a strict sales process. When asked about the reasons for exceptions and variation in their sales processes, most interviewees mentioned differences between salespeople. In the case companies, more emphasis was given to the sales acumen and discretion of the salespeople than following the process. Moreover, building trust with the customers and leveraging existing networks were essential aspects of sales.

8.2.1. Flexibility and experience

Individual salespeople are given much freedom regarding their sales work. Again, if the sales results are satisfactory, there is no need to control the work of salespeople. It is assumed that they know what the best way of selling is, as Sales Manager in Company I mentions:

"So far, we've had guidelines, but we haven't had a streamlined process for getting from A to B. Each salesperson has had the freedom to do it as they see fit." Sales Manager, Company I

"I would say that the basic principles are the same, but everyone has their own way of doing it. What is important is that we get sales". Sales Director, Case Company C

Much emphasis is given to salespeople personality and experience. These are deemed more important than having a well-defined sales process. Although the case companies and their businesses might be young, the salespeople can be seasoned professionals.

> *"We give free hands to carry out personal sales knowledge. All our salespeople are very experienced… There is no need to hold hands and set goals on how many calls or contacts must be made weekly. The salespeople are very experienced. They have done it for decades, and they have formed their own way of building their own [sales] pipeline." CEO, Company A*

> *"Everyone applies it [the sales process] in their own way. But that's the nature of sales. If you think that the process itself sells, you're in the wrong field… I believe very strongly that personality sells. When talking about expert services, it's always a question of trust and personality. It is very difficult to demolish that myth, although it has been tried and is been tried continuously. Building a process and building a template and building – some companies go so far that they vary their salespeople, so that clients do not get attached to a single salesperson, and then leave with them. That's a funny thing: if you don't build a trustful and devoted relationship, then the client won't get attached to you either and they'll switch [service provider] faster." CEO, Company F*

Building trust, as described in CEO of Company F above, emerged in other interviews too. Trust is seen as a prerequisite for doing business together.

> *[When contacting prospects for the first time] "Probably the most important goal there is that I have to gain the client's trust, that's where it all begins because nobody wants to meet you unless they trust what you say." Sales Manager, Company E*

> *[In the first meeting] "…The purpose is to get to know them [the clients] and build trust because otherwise we are foreign strangers with new, unknown technology and a new brand, so in new markets nearly nobody has never even heard of us." Business Development Manager, Company D*

8.2.2. Using networks to sell

Existing contacts and networks are leveraged to gain access to decision-makers. This is deemed more worthwhile than cold contacting. LinkedIn is used to scour for decision-makers with common acquaintances and links.

> *"It's best if you have existing relations. That way we have reached the goal fastest…" Sales director, Company C*

> *"…Naturally, we utilise our own networks. At this point, when we all have done consulting for more than ten years, we have massive personal networks. I have some 1200 contacts on LinkedIn and two thirds I could call up and they'd remember me." CEO, Company F*

Companies that rely heavily on networks to sell can have difficulties with international sales if they have no existing networks abroad. Company B overcame this challenge by hiring a well-connected sales agent.

> *"…We have a sales agent in Sweden, whom we hired on the basis that he knows a significant number of C-level decision-makers and especially marketing directors in Sweden. With warm introductions, we get to open discussions, so the value of connections is very valuable to us…" Marketing Manager, Company B*

8.3. Sales partners

Relying only on in-house salespeople is rare in this sample. Many case companies grow their sales by using sales partners, especially for international sales. These sales partners are an addition to the direct sales done in-house. Part of the sales work involves acquiring new sales partners and dealers.

> *"…We also sell to our partners, which are companies that can offer our service to their own clients. They are sort of our retailers." CEO, Company F*

> *"…The cornerstone of our sales is our partnership model… We have large partners both nationally and internationally… Instead of cold calling, we invest in collaborating with our partners." CEO, Company G*

> *"One of my main tasks, when I joined the company, was to boost the international sales… Establishing sales channels takes a large chunk of my sales work." Sales director, Company C*

The aim of the partnerships is that the partners would be able to sell independently. Especially at the beginning of a new partnership, supporting the partner's sales might require a significant investment of time and resources.

> *"The more independently, the better. But as I said, we want to know what they are doing and what is coming, so we can develop and plan our own work accordingly." Sales Manager, Company A*

> *"…Our retailers would purchase a license to our service… so they would handle the customer interface independently…. We would get rid of the cumbersome personal selling and manual labour." CEO, Company F*

However, the way the partners do sales is not always monitored. Naturally, they are trained to do sales, but once it is launched, the partners are left to do sales as they see fit.

> *"With our Asian dealer, we don't have weekly meetings. Let's say we have 1-2 times per month… We don't need to be on top of it, as the dealer takes care of it. The same is with other dealers: as soon as they get going, we don't need to check every week…" Sales director, Company C*

Company G has tighter monitoring on their partners' sales, but apart from that, there was no evidence that sales partners' sales processes or value propositions would be supervised.

> *"We have weekly meetings with our partners… There is one dedicated person in this organisation, with whom we go through… where we are with these leads. I'd like to add that as a smaller company we have the responsibility to maintain that thing [partnership sales] so that it works." CEO, Company G*

Even with the help of sales partners, international sales poses a significant challenge for many start-ups. Hiring and managing in-house salespeople abroad, or outsourcing sales to international partners is deemed very costly. For instance, the CEO of Company G mentions that hiring a sales team in the United Kingdom is a quick way to get rid of money. It would require a stronger foothold in the market for it to be lucrative.

Many case companies aimed to grow their partner and dealer network. Sales partners enable faster scaling of business and free resources for other tasks.

8.4. Value communication and quantification

The case companies had evidently considered how to communicate their offering value to customers. The starting point was to understand customer needs and current situation. Nearly all case companies used customer stories to communicate value and even to quantify value. Value quantification was not a new concept to the interviewees. However, some companies were unable to do the quantification due to measurement challenges.

8.4.1. Understanding customer needs and current situation

Understanding the customer was a vital part of their sales process. Before asserting any benefits to the customer, the case companies aimed to understand their customers' current situation and identify pain points.

> *"The first meeting is more like an exploration goal, where we want to understand if this is relevant for you and if this beneficial to you…. And we aim to make them understand, what this is about in the first place. We leave more time for conversation because before the meeting it is very difficult to guess what is relevant for them. So, it is always a bit risky to try to anticipate it. It's better to ask and usually the customers speak about it relatively openly." Marketing Manager, Company B*

> *"…We start with the basics when we meet: we don't jump straight to the solution, but we engage in a dialogue with the customer about what is the true need and what is the true problem. We don't push our solution before we understand that there really is need for something… and that our thing is the right thing that they need right now." CEO, Company J*

Furthermore, understanding the customers and their industry is a premise for building better value propositions:

> *"…For example, how we communicate our value propositions and benefits to the client, that is something we aim to improve all the time. We lack a lot of understanding of customer needs and market situation. We aim to gather a lot of this information using various types of market research." CEO, Company A*

Understanding the buyer's buying process was also mentioned multiple times:

> *"…Understanding the customer's buying process and sort of matching your sales process to it, that's actually what's important. That's where to start." CEO, Company J*

> *"The objective in all sales should be, as we have it, that we understand as well as possible the customer's decision-making process. Ask the questions already in the meeting: we figure out how we move forward from here, who is involved in the decision-making process, how many people, what type of forum are decision made in, what kind of people are they." Sales Director, Company E*

8.4.2. Communicating value to customers

Various sales materials were used to facilitate value communication to customers. Such materials included brochures, demo products, white papers, videos and presentation slide shows. However, the primary method of communicating sales messages and value propositions was using customer stories and references.

> *"References have a very central role. We have a good situation, as we have international top-level references, which actually have the main role in our story." CEO, Company A*

"Sure, we go through our references. References are presented in our brochures, our [presentation] slides and our website. They are constantly updated so that they would resonate in various situations. We have thought about them quite a lot so that we would have the right type of references available." Sales Director, Company E

Customer stories were not only used to build trust and show external validity. They were also used for value quantification examples.

"We can't say, that if you do this and this, you will get 46% increased revenue. But we can give examples, that customer X did this and this, and their sales went up this much. That's usually enough." Commercial Director, Company G

"And of course, if a client has told us that they have saved this much [thanks to our solution], we ask if we can get it on paper and if we can have the permission to use it." Sales Manager, Company A

Research evidence is also used by some companies to influence buyers. It is also used to quantify value to some extent.

"It depends on whom I'm calling, but… I quickly try to tell about [our product] that it has scientifically proven effects on wellbeing." Sales Manager, Company E

"…It's an FAO [Food and Agriculture Organization of the United Nations] research that shows that 50% excess water is spent on irrigation, and using our system you can see what the suitable irrigation amount is so that you can save this 50%." Sales Manager, Company A

8.4.3. Value quantification

Some companies were already using value calculators to quantify customer value. The rest were also aiming to do so but were facing challenges, most prominently on how to measure value. Those companies that did not have quantified evidence of value or benefits still aimed to acquire some in the future.

"The largest challenge is probably the quantification of our impact. Our estimates have been unconvincing to some of our customers because we're promising so much that it starts to sound like a snake-oil salesman… The issue is that it is very difficult to give credit for the growth to us because it could have happened in any case." Marketing Manager, Company B

"So far, not really, and I hope that… we could directly demonstrate such [numeral or quantified benefits]… I hope we can do so [measure benefits], in my role I have thought a lot about those things… Everything can be measured, and it is quite certain that this too can, but we just have to find the right methods and metrics to do it." Partner, Company F

"Yes, it's something that we haven't been able to do yet. And it has often been a challenge in sales and meetings, that when the customer asks how much we can assume that this will increase our revenue, or how many more clients this will bring, we cannot really provide an answer." Sales Manager, Company I

"Yes, we would like to quantify everything, because that's the best when you have data, some numbers or facts, rather than just shooting from the hip with a story." Sales director, Company C

However, some companies were already able to use quantified value as the basis of their sales.

At the moment the value is described in three main factors. [First], accumulated savings. The second one is increased value and monetary increases in general. Thirdly, environmental factors… We communicate them with various ROI calculations, which are done in Excel and can be customised according to each customer and see the attained benefits…" CEO, Company A

"We always start by stating in all our presentation slides and our website that this is revenue-driven technology and that this will increase your sales. We can demonstrate it using references, that this really increases your sales. For example, [if] you pay X thousand for this, the benefit will be Y thousand, which hopefully is larger than X". Commercial Director, Company G

"Because we measure additional sales, the impact on margins, we usually aim to build the business case based on increased revenue and earnings, denominated in euros. We try to be as accurate as possible in how much economic impact this will bring to you." Marketing Manager, Company B

Nevertheless, value calculators are not necessarily a shortcut to success because they are difficult to utilise. Company E has tried using value calculators in several occasions, but they are too complicated for most non-financial decision-makers.

"We have made value calculators on a few different occasions. We rarely use them. They typically get so complicated that the customers can't be bothered to listen to them… Generally, in sales, things need to be simplified for the customer to understand… Presenting an ROI calculator with research data and multiple units and numbers, some people like it, sure. But it's a very limited number of people, who are ready to receive such information." Sales Director, Company E

In summary, the interviewees claimed to engage in various value-related selling behaviours. Understanding the customers' needs was a starting point, and there was no evidence of Provider or Persuader sales approaches, as described by Wotruba (1991). Value propositions were communicated by using customer stories and references. There was evidence of very similar sales processes to the value-based sales process described in section *3.6. Value-based selling*. Value quantification was the aim of many case companies, although measurement challenges posed a problem for some. The findings are summarised in Table 8.

8.4.4. Inspiring customers to change

In contrast to the financial value communication, start-up sales characterised by the need of inspiring customers to change. Compelling stories are told to motivate customers to try new innovative products and services.

"…I tell them why this company was founded, so like a story-telling pitch about why the company exists and so on." Business Development Manager, Company D

"When we talk with a new customer or contact, we start by telling everyone about our founder who invented this thing and wrote a dissertation, and who is a 19th generation farmer whose farm has been in their family since 1554. This is our story that grabs the customers attention…" Sales Manager, Company A

"Start-up sales is different in a way, as it's related to a strong element of evangelism and rapture. You need to get people convinced not only that this is a good service or that you should work with us, but also about a new way of thinking. You need to break the old way of thinking and replace it with something new. It requires personal, mental commitment." CEO, Company F

Table 8: Value-related selling behaviours and value quantification in case companies

Case Company	Value-related selling behaviours and value quantification
Case Company A	Customer-specific ROI calculations to show increased revenue and savings.
Case Company B	Benchmarking reference customers in the same industry to demonstrate increased revenues and profit margins by optimising activities.
Case Company C	Attempting to quantify value based on customer experiences and data.
Case Company D	Using numeral benefits, but they are not translated into financials.
Case Company E	Demonstrating qualitative improvements, supported by ROI calculators and research evidence.
Case Company F	Currently unable to quantify most aspects, by searching for a way to do so.
Case Company G	Using quantified examples from existing customers to demonstrate increasing sales and improving customer experience.
Case Company H	Quantification is difficult due to numerous variables in operations. Generic measures such as QALY* can be used.
Case Company I	Communicating benefits numerally, but they are difficult to link to financial gains.
Case Company J	Attempting to quantify value based on customer experiences and data.

*QALY: quality-adjusted life year

8.5. Challenges

Business challenges are often related to or influence sales, and therefore relevant for an investigation. Interviewees identified numerous challenges, but not many of them were related to sales processes. Typically, the interviewees admitted that there was room for improvement in their sales process, but the process itself was not the top priority. More significant challenges were related to lack of sales leads, brand awareness and time and prioritisation challenges, which are typical for start-ups. Value-related challenges were mostly related to value quantification, as presented in section *8.4.3 above*.

8.5.1. Company and brand awareness

Company brand awareness appears to be a typical start-up challenge: nobody knows about their great offering.

> *"If nobody knows us, nobody will buy anything from us." Sales Manager, Company A*

> *"We're getting very few inbound leads. That's the start-up and small firm issue: nobody knows us." Commercial Director, Company G.*

Having a prominent brand is seen to help to build trust and gain external validity to the company.

> *"For example, in [our] industry, if it were known that this person or this company is doing a good thing, and there was already a basis for trust, we could skip straight to the part where they want to buy." Business Development Manager, Company D*

"At this point, as for many start-ups, we're praising ourselves a lot… But even if it were true, it is still subjective to the customer: it's still our word against theirs. We need an objective validation that our product works and that there's truly more than some luck and guessing involved." Marketing Manager, Company B

8.5.2. Time and prioritisation

Another typical start-up challenge is a lack of time and resources. There are continuously multiple avenues of improvement to pursue. Hence it is difficult to choose the right one.

"We are a small company; we have a lot of ideas but there aren't enough days on the calendar and hours on the clock." Sales director, Company C

"I think that at this point, for a small company, there is just so much to do, and time is limited, and when everyone is doing sales and everyone is doing everything else… How we can find the time to sit down and discuss it [improving sales]." Partner, Company F

This could be one of the reasons why there was no emphasis on systematising the sales process: it is more important to get sales than spend time documenting and fine-tuning it.

8.5.3. Lack of leads

It is not unusual that salespeople request for more and better leads. Many interviewees mentioned that having more relevant leads and meetings would aid their sales work. However, they did not see this as a process issue.

"I don't think there are other challenges in the sales process. It's more about lead generation. We need more sales leads. They are different types of activities then: more legs on the field, attending events, digital marketing. We need to increase those to fill the sales process or pipeline." CEO, Company A

"Our biggest challenge in sales is not so much about the process, but we should have a lot more leads. Our business model doesn't support selling whatever to whomever… [Most potential clients are already ours] so now it's getting very difficult to get leads. That's why we have engaged more in the partnership model." Commercial Director, Company G

"Of course, I hope that we'd have more hot leads… But that's something that varies and it's not the sales process itself, it's just one feature of it." Sales Manager, Company E

In contrast, Company F mentioned this promptly when asked about sales process-related challenges.

"I think that at this point the essential weakness is the top of the funnel… How to get first and foremost relevant meetings as efficiently as possible" Partner, Company F

Lead generation can also be outsourced. In this sample, at least Companies E and F had bought services for getting leads and meetings.

8.5.4. Reaching decision-makers

Another typical obstacle for salespeople is reaching decision-makers. This challenge even more prominent in foreign markets. Decision-makers are typically busy and approached by numerous solicitors, so this challenge applies to all sales, not just start-ups. Moreover, there are rarely dedicated buyers for innovative products and services, so identifying the decision-maker in the first place might be difficult.

> *"… The problem is that marketing directors get tens, hundreds of emails daily. You can't be bothered to read them. As soon as you see that the intro is sales-like, you'll just delete the message right away." Marketing Manager, Company B*

> *"Well, in general, the challenge is to reach the decision-makers and to meet them face-to-face… Usually, we meet a lower-level person who doesn't necessarily have their own budget, or the authority to make decisions…" Business Development Manager, Company D*

9. Discussion and conclusions

In this section, the findings and research questions are connected, and their managerial and theoretical implications are discussed. This chapter also includes limitations of the study and concludes with future research avenues.

9.1. Synthesis of findings

The purpose of this thesis was to understand what kinds of sales processes and value-related selling behaviours occur in start-up companies. This section combines the different categories of findings to draw conclusions.

9.1.1. CRM systems as the base for sales processes

Sales processes have evolved from simple attempts to influence the buyer's emotions to more elaborate stage-based models. Although the seven steps of selling model has received much criticism, it has its merits and remains relevant today. However, especially in B2B markets, both selling and buying require expertise beyond simple persuasion tricks and checklists. Therefore, the direction in selling innovations is towards a proactive, value-driven sales process.

Previous studies indicated that sales organisations typically do not have well-defined sales processes. Plenty of room is left for soloing and salespeople's discretion. However, some research articles I cited on the use of sales processes (e.g. Bosworth & Holland, 2004; Cummings, 2006) were published much before the proliferation sales CRM systems, such as HubSpot and Pipedrive, which were mentioned in many of the interviews. Comparing the early 2000s to the year 2020, there is no doubt that the advances in IT have changed the nature of sales work. This change is noted as one of the transformative factors of selling by Moncrief & Marshall (2005). Today's CRM systems prompt users to log their activities, measure conversion rates and help to keep track of each customer. It can be argued that CRM systems have forced sales organisations to formalise and document their sales processes, resulting in the increases in sales presented by researchers.

The findings in this thesis suggest that start-ups do have defined and documented sales processes. The CRM systems are designed to support stage-based sales processes, like the seven steps of selling model by Moncrief & Marshall (2005). The model's shortcomings are, as presented by Borg & Young (2014), mainly that they simplify the complexity of B2B relationships and have little regard for the buyer's buying process and other networks. Therefore, these stage-based sales processes that CRM systems force start-ups to adopt are not necessarily the best fit for them. There was little evidence that the salespeople in these case companies considered customer's buying processes when designing their sales process.

9.1.2. Freedom versus process

Despite the well-defined sales pipelines, salespeople require some degree of freedom and flexibility. Variation in the sales process was often credited to the differences between salespeople. Depending on their preference, salespeople had different approaches to, for example, contacting potential customers. It is not unwarranted to suggest that salespeople also had different approaches in other stages of the sales process too.

This variation in the sales process begs the question: why are salespeople given so much flexibility in these case companies? There is a contradiction between process and freedom. On the one hand, a well-defined sales process has been found to improve sales results. On the other hand, freedom allows salespeople to do what they deem best. The paradox that emerges here is that if salespeople are given the freedom to choose their working methods, can they all reach the same results? Most likely they do not. Thus, the methods of the best-performing salesperson should be shared with the others. Hence, best practices for building and following a sales process can be established.

Nevertheless, plenty of freedom is still given to salespeople for various reasons. For instance, many of the interviewees emphasised the experience and acumen of salespeople. They know how to get sales, and they have done it for many years. It would be unwise to force them into a strict sales process. Salespeople are the fuel of start-up companies, and without them, the start-up's future is at stake. Letting salespeople work as they see fit keeps them satisfied at their job.

Another reason could be related to the observed time and prioritisation challenges. The CRM systems' sales pipelines serve as sufficient guidelines, and there is no need to spend more time perfecting the sales processes. There is no single prevailing sales model, and hence successful sales most likely needs both process and freedom. This quote by Trailer & Dickie (2006) summarises the phenomenon:

> *"It was tempting to fall back on that classic conclusion – that selling is a science, except when it is an art. But we know that the best selling is now highly automated and process oriented, and that careful measurement produces insight and continuous improvement." (Trailer & Dickie, 2006, p. 55)*

Salespeople are also valued for their networks, which they did not hesitate to use. However, this could be one of the reasons why entering foreign markets poses such a challenge. The dependence on acquaintances hinders salespeople's ability to raise interest in new, unfamiliar customers. Furthermore, there is no accustomed procedure for reaching the decision-makers, which was another prominent challenge in these case companies. This inability to reach decision-makers can also be linked to the lack of leads, which was not even regarded as a sales process-related challenge. Instead, gaining leads is something that happens before the sales process, for example, by leveraging the existing networks.

Furthermore, these findings support the suggestion by Bernard et al. (2016) that companies do not make good use of the metrics that these CRM systems collect. Although interviewees listed numerous metrics that they track, there was little evidence that these metrics would be consistently tracked to improve operations. The amount of generated sales was the key metric. Again, this relates to the time constraints that do not allow start-ups to dedicate time to fine-tuning processes.

9.1.3. Selling as value communication

Creating customer value has become the cornerstone of all business. Value-creation has also gained significant emphasis in sales work, and even finding its way in the very definition of sales. There is little room for provider-type salespeople, apart from convenience stores. Selling innovative offerings requires addressing timely and salient business challenges in the form of value-based sales.

The concepts of value-based sales emerged in many interviews. Although a value-based sales process was not explicitly mentioned, there was evidence of it. For many case companies, the starting point was to understand the customers' needs and current situation. This understanding of customers is also the first stage of value-based selling described by Terho et al. (2012), although they posit going beyond the expressed needs. To what extent salespeople try to understand the underlying value drivers was not studied in this thesis.

The second phase in the concept of Terho et al. (2012) is crafting the value proposition, especially quantifying the value. Although value measurement posed a problem for some case companies, for others value quantification was the cornerstone of sales. Nevertheless, qualitative improvements were communicated through customer stories (or value case histories), as suggested by, for example Töytäri & Rajala (2016) and Anderson et al. (2006).

Thirdly, Terho et al. (2012) posit communicating the value proposition to the customer and convincing that the purchase is profitable. The case companies used value calculators to show the size of value opportunity and pilot projects to demonstrate it.

Although some dimensions of value-based selling were employed in these case companies, they could benefit from formalising their methods according to the models presented by Terho et al. (2012) and Töytäri (2018). For example, apart from some use pilot projects, there was no evidence of offering guarantees and sharing the risk with the buyer.

9.2. Implications of the study

Research on start-up sales processes and value-related sales behaviour has been relatively scarce. This thesis addresses that research gap and offers new knowledge on what types of sales processes start-ups use, and what kind of value-related activities their salespeople utilise. Furthermore, the findings shed light on the challenges that start-ups face in sales.

The findings of this study suggest that existing theoretical models do not perfectly fit the activities that start-ups engage in. For instance, the evolved seven steps of selling model by Moncrief & Marshall (2005) does not align too well with start-up sales. Although the model claims not to be sequential and that the steps can occur in any order, it is inappropriate to have customer retention and deletion as the first step. A prospective start-up looking to grow cannot start by deleting unprofitable accounts. Thus, more research on start-up sales is warranted in order to conceptualise their sales processes.

This thesis also complements the field of value-based selling in the context of start-up companies. Based on the findings, many start-ups employ value-based quantification methods, especially where value is easily measurable. However, the use of value-based selling methods does not seem well-organised and often utilises only a few aspects of the whole model.

From a managerial perspective, this thesis provides some improvement opportunities for sales team managers. Having a well-defined sales process has been posited to increase sales, and start-up companies are not likely to be an exception. The case companies here can be seen to be at least moderately successful, as all but one already had numerous paying customers. This success implicates that having a CRM enforced sales process, which the vast majority of case companies used, could lead to success in sales. Start-ups in earlier stages should consider adopting such sales processes.

This thesis also shows that there are some underutilised aspects of value-based sales. Sales practitioners could benefit from a more intentional, well-planned value-based approach. Even though start-ups attempt to demonstrate the size of value opportunity by quantifying customer value, it is still inconsistent. Sales managers could embed value-based selling practices into their sales processes, and train salespeople to utilise them.

Furthermore, the challenges identified in this thesis can serve as cautionary examples for start-ups. Even though there are no immediate remedies to brand awareness and prioritisation challenges, managers can anticipate these challenges early and prepare appropriately.

For some findings, direct implications cannot be drawn without further research. The use of sales partners was examined here, but analysing its benefits and disadvantages was not in the scope of this thesis. Furthermore, salespeople personality, behaviour and exploiting networks were found to have prominent roles on case companies' sales. However, their causes and consequences were not discussed here.

9.3. Limitations

The research methodology applied in this thesis is based on valid academic research methods, but not without limitations.

The data collection method in this study was interviews with key informants. What interviewees say they do could be different from their real actions. Even though interviewees claimed to have a well-defined sales process, it does not necessarily mean it is followed. Other data collection methods should be used to verify the findings.

The research method chosen here is susceptible to informant bias error. The interviewees gave their answer based on their own perspective. Although some case companies were available for interviews with two key informants, in five cases, there was only a single interview. Multiple interviews with more key informants would have increased the reliability of the results.

This thesis was a multiple case study with the intention of increasing the depth of understanding of the research topic. Case studies are not usually generalisable, which applies to this research too. The findings here can be accurate to other B2B start-up companies with similar maturity but should not be generalised without further investigation.

9.4. Future research

This thesis focused on sales processes and value-based selling in start-up companies. The better understanding of these topics offers sales scholars further research avenues. These topics intertwine with many other sales-related topics, that could be researched further to establish a more holistic understanding of start-up sales. Some of these further research avenues are presented here.

The case companies in this thesis already had committed customers and funding, and therefore could be described as successful start-ups, considering their maturity. One possible future research topic linked to this would be the correlation between well-defined sales processes, value-based selling behaviour and the success of start-ups. Does adopting CRM systems for sales lead to a better definition of sales processes, and therefore, to better sales results? This connection would ultimately predict the success of the whole start-up.

Another avenue that could be researched is partnership sales. Many of these case companies here relied on partners for sales. However, this thesis did not cover how these partnerships were formed and managed. How should start-ups design their business model to enable profitable partnerships? How were these partnerships formed in the first place? Furthermore, the primary method of communicating value was using customer stories. However, start-ups typically start without any customers. The lack of customers raises the question: how can potential clients be convinced without any customer references?

Finally, empirical evidence could be gathered to understand the correlation between sales success, salespeople flexibility and sales process strictness. Some articles have shown that a well-defined sales process improves sales, but how and to what extent remains vague, especially in a start-up context.

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